...AL COMMISSION ON METROPOLITAN DEVELOPMENT OF CALGARY AND EDMONTON

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P R O C E E D I N G S

held before Royal Commission at the Court House, in the City of Calgary, in the Province of Alberta.

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E X H I B I T S

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THE CHAIRMAN: Are you prepared to go on now?

MR. BREDIN: We are prepared. I have Mr. Batchelor here with all the information with us that will be required of him.

THE CHAIRMAN: That they can possibly think of.

MR. BREDIN: That they can possibly think of.

DUDLEY EDWARD BATCHELOR, having been first duly sworn, examined by Mr. Bredin, testified as follows:

THE CHAIRMAN: Mr. Batchelor, that chair is reserved for you.

A Oh, thank you very much, sir. I may say, Mr. Chairman, that I cannot say I fully appreciate the remarks of Mr. Bredin. No one man has all the answers to this problem.

THE CHAIRMAN: He was taking in too much territory?

A Quite so.

COMMISSIONER ROBISON: But I concur with his having a high regard of your abilities, Mr. Batchelor?

A Thank you, sir. I hope you feel the same way when you are all through.

Q MR. BREDIN: Just by way of introduction you are the Commissioner of Finance for the City of

Calgary?

A That is so.

Q And previous to that you were the City Treasurer, and previous to that again you were the Assistant City Treasurer, and you hold several diplomas from the Municipal Finance Officers' Association, is that the correct title? The Municipal Finance Officers.

A Well, it is from the Institute for Trading in Municipal Administration which is an offshoot of the Municipal Officers' Assocation. It is a body set up for that particular purpose.

Q And I believe you also hold a diploma from the National -

A The National Association of Cost Accounting.

Q And in addition to the diploma in accounting you have one also for Utility Cost Accounting?

A Yes.

Q And you have a diploma of the Institute for training in Municipal Administration as well as technical and municipal administration?

A That is correct.

Q I think with that background, Mr. Batchelor, I will let it go at that, if you will make yourself available on all these questions?

A I was wondering if, before the questioning started that I might be permitted to make a few observations.

THE CHAIRMAN: Yes, I think we would be glad if you would do that, Mr. Batchelor.

A There are some quotations which I would like to make use of and I would like, if I might, to use this book "Municipal Finance Administration". It is not a book by any one person. But the men who has prepared the information that is in here are the top men in the municipal field on this continent. And they have used them to prepareaa lot of this information. I might also say that as a member of this Municipal Finance Officers' Association in the United States and Canada that it represents all the major cities on this continent, and consequently the information which we have at our disposal is probably as great as any organization could possibly have in this particular field. So that a lot of the information in here is the result of some considerable research by these men.

Q THE CHAIRMAN: Mr. Batchelor, allow me to interrupt you. Dr. Mayo, are you familiar with this volume?

DR.MAYO: Yes sir, I know it. I have seen it a number of times.

THE CHAIRMAN: Is it a reference work in your courses in the University?

DR. MAYO: No, it is specialized for the course which we have at the University. Our course is introductory.

THE WITNESS: Many of these men have been

lecturers. For instance, one of them was Mr. Carl H. Chatters who was for a long time a lecturer in Political Economy at the University of Chicago. He went eventually to the Port of New York in charge as head man of that Port. Then he went to occupied Germany after the war as Chief Administrator for the United States Government. So that is the type of person that is behind me. I would like to quote from this "Municipal Finance Administration."

" The ability of a city to finance local services depends not only on the economy of the city but also on the political and financial relationships between Federal, Provincial and local Governments. Among the factors affecting the city's ability to finance its own needs are mandatory duties or services required of cities by senior governments. The withdrawal of community resources by Federal and State taxation and the movement of population to fringe areas outside the city limits. The only way in which a city can meet this problem is to enlarge its boundaries to include not only already developed areas, but to also enlarge its boundaries to provide space for not only residential but commercial expansion. Many cities already have delayed too long such action with the result that extensive sub-divisions have been developed with inadequate water mains, poor streets, unregulated construction, and no zoning, with little or no attempt

to provide storm drainage or sewer facilities. The annexation of such areas means extensive outlays by the central city. In fact, the cost of providing services to build up annexed areas, at least for a number of years, generally exceeds the revenues that will be received by the City from those areas. But from the longrun point of view the interests of the central city are served by expansion of the city limits instead of postponing annexation until the city is entirely hemmed in by incorporated areas. For reference I would say that is from an article by John C. Bollens, 'Elements of Successful Annexations,' Public Management, April, 1948, pages 98 to 101 and Victor Roterus and I. H. Hughes 'Government Problems of Fringe Areas,' Public Management, the same time, April, 1948, pages 94 to 97."

" On page 11 of the City of Calgary's Financial Summary, as you have already noted, the Commissioners reflected the increased costs of providing certain services to City standards to the areas of Bowness, Montgomery and Forest Lawn. You have also noted that these costs were reflected as 6.55 Mills, in terms of the present City of Calgary Assessment and Mill Rate only. The reason for presenting the problem in this manner was, mainly because it seems apparent to us that the Taxation Base of these communities is hardly adequate to support their present commitments and

would therefore be inadequate to support any further substantial Costs. (This is further emphasized in the Brief presented by the Town of Bowness, which is the only one which I have had the opportunity of studying at the moment).

On page 31 of our Main Brief, however, the City has suggested that Complete Amalgamation take place, subject to certain conditions,among which is, and I quote - 'That the financial burden in the form of Taxation paid by the Citizens of Calgary, is not increased' - This has therefore posed your Commission with a very great problem. I feel therefore, that some of the basic thinking behind this resolution should be given to the Commission.

In reply to a question by Commissioner Robison the other day, I made reference to the tremendous increase in operating costs of the City of Calgary, in the last few years, and also to the fact that some 60% of these costs are more or less beyond the direct control of the Board of Commissioners."

I would like to interrupt once more if I may and quote from a thesis which I prepared about a year ago. I went into this fairly thoroughly because the Junior Chamber of Commerce were having a course on Municipal Affairs, and they asked me to prepare a series of lectures on this. So I have it here precisely and I thought I might use that. Is that all right?

Q THE CHAIRMAN: Yes.

" I would like to point out that one of our gravest problems these last few years and one which continues to cause great concern to our administration is the difficulty of providing sufficient revenue with which to operate without making taxes confiscatory. The tremendous growth of the populations of Calgary and Edmonton in the last ten years, (incidentally the largest percentage increases in Canada), in Calgary over 46% and the rapid expansion of the City physically, has naturally brought demands from the citizens for new roads and sidewalks, new sewers, street lights, water mains, public transportation, parks, playgrounds, schools, libraries, hospitals, more police and fire protection, garbage collection, sewage disposal and numerous other municipal services. These are all expensive items when you consider the rise in construction, labour and materiaal costs in the last ten years, Some of these services are self sustaining, others partially self supporting but the majority of them are paid for out of General Municipal Funds, the mainstay of which is still taxation of Real Property.

By far the most important of municipal taxes is the property tax. It produces, on the average, about 80% of the revenues of Canadian municipalities. The percentage is higher in rural areas, and lower in the bigger towns and cities where a greater variety of taxes are imposed. Real estate bears by far the largest share of the property

tax. The value of land and buildings therefore constitute the main municipal tax base.

The Problem Today -

What can be done about it? There seems to be two courses open. Either municipalities must be relieved of some of their present responsibilities, and these be taken over by senior governments; or the municipalities must find more funds.

There are some who advocate the first approach. They point out that education, health and welfare, are national problems, not local ones, and they argue that senior governments should pay for them. These services are of no direct benefit to property, yet property must bear most of the costs of them."

And that latter argument is probably not quite so true as when I wrote this because the senior governments, or I should say our own Provincial Government is taking a little more active part in our assistance than they were at this time. But it still holds fairly well. However, there is one serious danger in turning over the municipal functions to senior governments. It means increased centralization with all it implies. The value of local government is in its ability to know and adapt itself to local needs and desires, and in the experience it gives the citizens to manage its own affairs under democratic rule. The fewer important functions local

governments have to perform the less vital will be your local democracy. While I say that there I do remember some years ago when one of these Commissions was sitting, I do not know who it was but it might have been Mr. Brockington said something to the effect that in chasing the will of the wisp of local atonomy cities were going to go broke and that was a real question as to how far you can carry that desire for local atonomy in these modern days of ours. This is quite a problem.

The second alternative before our municipal governments is finding more revenues. How is this to be done? Some advocate increased provincial grants or even Federal grants. The grants they ask for would not be allocated in advance to a particular purpose, but would be freely given to the municipalities, to be spent as local needs require.

The basis for these demands for senior government assistance is as follows: First, the services performed by municipal governments are of province, or nation-wide importance; secondly, the senior governments, and particularly the Federal government (since the Dominion-Provincial tax agreements), are the collectors of the more remunerative taxes, the income, corporation, succession and excise taxes. These taxes, it is claimed, are fairer than property taxes, and come closer to taxing those with greatest ability to pay. And that is the basis

of a lot of our arguments. I do not argue too much about real estate, you will probably come to that on the questioning. The tax on real property being a fair tax. It is a fair tax to cover those services which property should bear, but it is not taxing on the ability to pay for those services which are not of a direct beneficial nature. The senior governments should therefore collect them, not only for themselves but for the municipalities as well, and distribute part of the proceeds among the municipalities. Senior governments could pay municipal taxes on Crown property. This property receives services which cost the municipalities just as much as services to any other kind of property. Yet Crown property is generally tax exempt.

We do not argue too much with the Provincial Government on that basis on account of the substantial grants which will come up later on. I would just like to refer briefly to this problem of tax exemption. On the tax exempt roll of the City of Calgary today there is something in excess of $32,000,000.00 and of that, over 11 million dollars is Federal Government property. From the period of 1945 -- I will just deal with Federal property - from the period 1945 to 1954, we should have collected in property taxes over 3½ million dollars. To give you an example, in the year 1954, with a tax of 48 mills, the tax on Federal properties would have been

$542,000.00. The position we find ourselves in as Commissioners, on the basis of how they calculated their advance in lieu of taxes, last year we provided some 96 thousand more revenues in our current budget. Then we came along and found out that everything is all squared around, with formulae, that instead of getting that we get about a half. So it will be around $46,000.00 we will get from the Federal Government in lieu of taxes, and the actual tax should be $542,000.00. That is a substantial item in our current operating budget. There is one other thing. I mentioned in that earlier quotation I made how the senior governments take revenues and very remunerative and lucrative revenues from the city. Just one example. I am referring to the Federal Government now. Not only do they not pay us taxes, but then they turn around and take out of us something like $389,000.00 in sales taxes on materials that are used in the running of this city. Mind you, that has been going on for many many years. It is higher now than it has been. But last year it was $300,000.00 and it was substantially over $200,000.00 before that, and from the Federal Government we get very little benefit whatsoever. Then there was a property you noticed was sold the other day to the Provincial Government. They took over the telephone building. As I say we have no quarrel particularly with them on grants in lieu of taxes, because we get these very substantial

grants, but just the same, supposing they are giving us a million dollars, they gave us a little more than that this year, the taxes on this property are over $7,000.00. All right, we get a million dollars from them but we lose $7,000.00 next year by them taking over that building. Every time the Government takes over a building we are losing money.

Q COMMISSIONER DAVIES: May I interrupt you just a moment. That 32 thousand dollars of tax exemption for 1953 is out of a gross total assessment of how much?

A 187,000,000.

Q I said 32 thousand it should be 32 million. Is that a straight 32 million dollars of tax exemption?

A It is 32 million dollars of tax exempt and we have on the rolls actually 187 million. So your total roll is about 219 million dollars.

Q COMMISSIONER ROBISON: This 32 million dollars of tax is the total exemption. That is not the Federal Government?

A Oh, no.

Q DR. MAYO: In the brief on page 22 it shows 44 million of tax exempt property.

MR. BREDIN: That was prepared from this composite sheet?

A Wait a minute. I am sorry. I have gotten the figures broken down for that. Unless there has been some change in

the Dominion Government. Well, we will have to check that figure.

Q COMMISSIONER ROBISON: You will probably check that later on in the day?

A Yes.

Q DR. MAYO: And will you also show a breakdown when you check it?

A Yes.

Q Giving us a breakdown of Federal-Provincial churches and so on?

A Yes, I will provide that. I did not know you would want all that.

Q THE CHAIRMAN: Mr. Batchelor, I think it appears somewhere in your brief, or somewhere in some evidence that has come before the Commission, a few years ago, three or four years ago the Provincial Government before embarking on its more recent scheme of assistance, gave a small sum, $60,000.00 to be divided between the two cities in lieu of taxes?

A That was in lieu of service tax. Some years ago we imposed a tax here that was very unpopular. We vacated that field when the Provincial Government went into the Income Tax field and then they made that grant.

Q Oh, yes, I remember now, that is what it was?

A I will deal with that later. Mr. Blackstock will probably be questioning me on new sources of revenue and I would like

to dwell on that, how it is so difficult for cities to impose certain of these taxes.

Q MR. BREDIN: With respect to the tax exempt properties, Mr. Batchelor, is it not true that the Provincial Government does pay us full grants in lieu of taxation with respect to liquor board properties?

A That is the only property.

Q And I belive the marketing board too?

A I thought it was only the Liquor Board property.

Q I thought the Marketing Board too.

Q THE CHAIRMAN: The underlying theory being for the difference between the two?

A Commercial enterprises.

Q Yes, that is what I supposed.

Q MR. BREDIN: More or less in competition with other -- Well, I do not know where the competition is there.

A Incidentally that is an interesting thing when we come to discuss revenues. I can produce evidence here of the the tremendous expension of revenues on the basis of our American cities and one of the very lucrative sources they have is a tax on liquor. They have that at municipal level.

Q COMMISSIONER DAVIES: Mr. Batchelor, while you are on this question of exemption, for myself I would like to have a breakdown of your 32 million dollars of exempt properties, if you can give it to us?

A Yes, we will produce that. I can give it to you for churches,

church properties, schools and everything. All these statistics are available.

Now, I was getting around to revenues here. I am not wandering too far afield from what you are interested in, I do not think, Mr. Commissioner, and Mr. Chairman. There is one thing about this whole inquiry that impresses me, and the Board of Commissioners particularly, is the scope that it is taking. It is covering a wider field than even we had hoped. I notice Mr. Blackstock there smiling to himself. I do not know whether he anticipated we would get on to this broader subject. I do honestly feel while it may seem to digress somewhat from the original terms of reference, I do not know. It is part of the whole picture. There is no question about it. If we can come up with some solution to this thing, or you gentlemen can, it will be work well done.

COMMISSIONER BLACKSTOCK: I was going to say, Mr. Batchelor, from my point of view, you just go as far as you like and give us any information you want to give us. We will be glad to get it.

A Well, I appreciate that very much. I was going to turn somewhat now to the revenue side of this. I will quote again - I am still quoting from this thesis because I was too lazy to prepare it all over again, Mr. Chairman.

It is significant that in recent reports by the research department of the Municipal Finance Officers Association,

they were dealing with this wider search for revenues, and it says,

" The search for and adoption of non-property taxes so noticeable in the past ten years can be answered somewhat mundanely with the statement that the cities need more revenue plus a desire to make the local tax system more diversified than it has been in the past. Costs of municipal services have increased due to inflationary factors just as have the costs for the private consumer. In addition, urbanization has been continuing for some time, which in turn has made it necessary to perform either additional services or to intensify and increase the standard of performance of older services. Some studies would also indicate that as a city increases in size, its cost per capita for performing a given service also increases. The larger cities experienced this effect first, but smaller cities, as they have grown, have also begun to feel this effect. One other factor which has contributed to increased municipal costs, which in turn has been affected by inflationary economic factors is that during the 1930's demands made on the local finance budget to help finance welfare costs arising from the depression were so great, that few cities have much left over to maintain and construct new and needed capital facilities.

And that is so true of our city and every other city in the west. As Commissioner

Blackstock probably remembers and I believe, sir you were on the Board when we were in our famous refinancing scheme on the city's capital debts. So you probably know the story.

This period of postponed capital improvement construction was further extended with the advent of World War II. As a result many municipalities found their existing facilities nearing exhaustion and badly needing replacement, plus a need for new facilities. These have now been constructed only at greatly increased costs as compared with what they could have been built for ten or twenty years ago. Increased costs, both for current operation and for capital improvements, have contributed to the need for additional revenues.

The paradox of the whole municipal situation is that the metropolitan centres and the large urban centres, in spite of the large industrial expansion within the confines of their boundaries, as well as the rural municipalities, are complaining about inadequate revenue to finance their functions. It seems, therefore, that an overall appraisal of the situation must be made, using as a basis, boundaries, density of population and productivity factors."

In connection, Mr. Chairman, with that capital expansion that I have referred to - I don't want to bother you with too many figures, but just let us

take a look from 1948 on. In 1948, we borrowed on capital account half a million dollars and that was the start of the transformation of the transit system. That was in 1948.

MR. STRONG: In 1949.

A We spent on capital account $2,900,000.00, and out of reserve account, which was capital, $1,700,000.00. So that gives us a little over $4,600,000.00 in 1949. In 1950 almost 4 million dollars on capital account and $682,000.00 from reserves, totalling $4,600,000.00. In 1950 the capital account went up to $6,200,000.00, and in the reserve accounts a million, so that was over 7¼ million dollars. In 1952, capital account 7½ million dollars, reserve account almost two, just under 9½ millions of dollars. In 1953 we spent over $9,700,000.00 on capital account, plus almost 2 million dollars on reserve account. That was $11,700,000.00. Now, in those years we actually created capital assets, that is the years from 1948 to 1953 of $38,194,347.69. Those were capital assets, and that is at cost to us. During that period of time we issued debentures for something just under $30,000,000.00. So, in that period of time, we took 8 million dollars of reserve funds, plus 30 million dollars of capital funds. So that is what has been invested since 1948.

Q COMMISSIONER DAVIES: Are schools and utilities included in these figures which you have given us?

A There are no school figures in my figures at any time.

I am dealing with the city's operation which does include utilities. I have no school figures.

Q That would increase those figures substantially more. The city is liable for those borrowings?

A That is a point I hope to come to at some time during this discussion, and that is, no matter how you look at it the same tax base is being required to support not only the city's operations, but the School Board's operations to a very large degree, and that is where we say that tax base is inaccurate. Now, I might just mention - the capital program for this year is some 14 million dollars. It looks as if it is going to be around 15 million dollars for the next few years. Just to give you some idea of the capital charges in 1955, taking into account, let us say, they were 3½ million in 1953 - I am speaking in gross figures now - when the impact of the 1954 capital program reaches the budget, it means in 1955, our fixed charge on capital account will go up to 4½ million dollars, and that will continue for the next four or five years. Commissioner Strong and I have gone over this very thoroughly and we are convinced it is almost essential that we deal with this program on the normal expansion of the city. It will be 15 million dollars a year. So, our capital cost will go up next year to 4½ million and 5½ million the next year. Then to 7 million 6, then 7 million 9 and 8 million 9. That is in the five year period. That is tremendous. We are not pleading poverty to you people, but we are saying

that that is the reason that we cannot accept any further charges, any further costs. We certainly have a great duty to our own city first, and while we may be sympathetic to any of these outlying communities - and there is no question that we are, because in effect they are part of our citizenery, because they spend much of their time with us, what we are saying is that we cannot impose any further burdens on our own economy at the present time.

Now, I think I have just finished this little introduction, Mr. Chairman. I was going to say it is a very sketchy appraisal of this. I have not referred specifically to the grants from the Provincial Government which may come up at a later time. I have not dealt with revenues from land sales where I can show you the picture there. It might come up in discussion. I have not referred you to the utility costs. I think one other thing before I leave this capital programme is this, and this came to my mind when you mentioned the School Board, and the City and Mr. Strong particularly can bear this out. Some years ago, for example, through his knowledge and his studies he was convinced that we had to emark on a storm-sewer program. Let us just take that one item. He could not get the authority from the ratepayers. Eventually we got to the point where we were forced into the position of embarking on it at a cost, the initial stages of it anyway, cost us far more money than it would have if it had been done at the time Commissioner Strong so

recommended. We could go over numerous other things. Of course the classical example is the 4th Street West subway and while I am not one to argue that the people who pay the bills should not have the opportunity to have something to say about it, still it is a great weakness in connection with the planning that your administration might do. It can only be. It is controlled to a large extent by the whim of the electorate. It is a question in my mind. They say you must protect the Democratic rights. But when you analyze the results of our elections over many many years you begin to think you are chasing a will of the whisp. So with those few remarks, as I say, I have only outlined sketchily just one or two things.

Q COMMISSIONER BLACKSTOCK: Has not that problem you have just touched upon been cured to some extent by the new City Act? I want your interpretation of it?

A That is correct. We have to pat dear little Section 642 on the head. I must say that. That is only recently.

Q That is quite so.

A And with respect to the School Board. Probably that will show in their questioning, they have not had that problem. The School Board works rather uniquely. They decide they are going to do something, and they go ahead and do it. They are spending actually more of the taxpayers' dollar than the council. Yet they do not and never did have to go to the people. All they do is publish a notice in the paper that they are going to do so and so, and the electors

or the burgesses might object if they so desire. But I doubt if 90% of the people ever read it. So that they have the benefits of a better section than 642, and have for a long time. Well, then, it is just my general remarks, Mr. Chairman, I will try to answer any questions that you pose to me.

THE CHAIRMAN: Mr. Commissioner, I would like to say I think these introductory remarks were very important. They have touched on a number of matters which would have come up probably in the questioning, but in the statement that you have given us these facts are all in form, where we can see them all together, and I am very grateful myself for them. Now, I will turn over the matter of probing you more fully to my associates, who are more skilled in matters of finance than the civil servant can ever hope to be. Now, Mr. Davies, Mr. Blackstock said he would be glad if you would open the questioning.

COMMISSIONER DAVIES: Do you prefer to it, sir, under headings, rather than have one just go through over a whole lot of different subjects?

Q COMMISSIONER BLACKSTOCK: I will start with one question I had in my mind. The simple answer to your whole problem is the answer to the question "Where can we get more money?

A That is right.

Q And in your opinion, real property is bearing the greatest possible load now, and that any further taxation might mean

confiscation in the long run?

A Well, Mr. Chairman, I do not know how I got that word "confiscatory" in there. Every one of us has a pet word. Maybe I should have used the word "regressive". I might refer here, if you would not mind, just for a moment, to the regressive features of that tax, if I may. There are two primary sources of all taxation, property and income, and these sources ought to be approached as directly as possible rather than by subt fuges that only deceive the taxpayer. Cities rely heavily upon the general property tax as a major source of revenue, but it is somewhat regretted because it rests with greater weight on those less able to pay than on those more able to pay. Finally, because the property tax increases the cost of home ownership, there is considerable objection to raising larger and larger sums from this source, and many officials agree that the limit has been reached. Now, when I refer to the regressive features of this tax, and why we should not increase it, it does not come to this question of ability to pay, and as a basis for municipal operations in all the studies I have made, I have never found anything that can take the place of the tax on real property. I still think that basically it is the best form of taxation. As I say, Mr. Chairman, these are my own opinions. I am not trying to hang anybody else with me on this. The question of additional source of revenue is one that raises a great problem, if you give the cities power to impose more taxes, it is not the

answer to the problem, I do not think. I would attack the problem basically, first of all, we are satisfied that real property, we accept that premise, that real property is a fair basis for raising revenue for the ordinary operations of the cities. Then, you go from there and what should be considered fair charges against real property. You can pretty well establish what those are. Those services, from which property derives some direct benefit. And then you come to this question of the whole picture of municipal life and municipal administration. It has changed so tremendously in the last 20 years. It is this imposition against real property, Mr. Blackstock, of charges which are unfair charges, and if you can eliminate then I would say, that are regressive features of this tax which would be eliminated. For instance, why should real property have to bear the tremendous cost of education? Social services and hospitalization. You have not got the tax base to support it, and that is one of the reasons why you start to look into state medicine. State medicine must be on the broadest possible basis to become economically sound at all. To a minor degree for cities like Calgary, one facet of State medicine, will support a tremendous institution which serves the whole of the southern section or a big part of the southern section, and we are losing money and the taxpayers have to pick up a cheque for over a million dollars a year.

COMMISSIONER ROBISON: Just in line with Mr.

Commissioner Blackstock, and I wonder if you could lay your hands on Table IV which was submitted in your financial analysis. Table IV, headed

" Comparative statement of revenues and expenses."?

A Yes.

Q I am not interrupting Mr. Blackstock because he asked me to question you at this point. This matter on the regressive nature of this tax you are speaking of. Let us take this picture and look at it from this point of view. Childrens' Aid. Isn't that something that should be borne by the property tax?

A No, I would say not.

Q All right?

A It is a social service.

Q Health. Dropping down to health. General pre-school and school clinics, $203,000.00. Should that be borne --

A No, sir. Another thing health. For instance, let us take your Medical Health Officer, for example. The city has a Chairman of the Board of Health. Just to show you how wide this thing is. His powers are greater than the councillors, I believe under those conditions, is that not right, Mr. Bredin?

MR. BREDIN: With respect to some matters of health I would say it is.

A Yes, so clearly that proves the point, Mr. Commissioner.

Q COMMISSIONER ROBISON: He has statutory powers?

A Yes. So, in other words, the senior government recognizes the fact that that problem is such a large problem it must be legislated for at top level.

Q Yes, now let us go down again to this matter of hospitals. $1,110,000.00. What about that?

A There again I say that. That is only part of that story, incidentally. I believe there is another charge in there if you come down a little bit further.

Q I am coming down, hospitalization $240,000.00?

A That is right. And I said there, there is $1,350,000.00 which is being borne by real property, and I say, by no stretch of the imagination, can that be considered a fair tax against real property.

Q COMMISSIONER DAVIES: Does that item include the loss you take on the individual family contracts of $10.00?

A Yes. But that is not very large, I think. The other portion is our portion because of the implementation of the $1.00 a day plan.

Q COMMISSIONER ROBISON: Now, take Civil Defence, what about that?

A That is not a fair charge against property, but as a matter of fact.

Q It is only $25,000.00?

A That is just another item which is not a fair charge.

Q Now, from what I see here it says Library - education,

$4,186,000.00

A Yes.

Q Now, that, Mr. Batchelor, out of that $4,186,000.00 give us a round figure on education?

A 4 million.

Q 4 million, all right. As I see it, you break down your educational costs into two categories (a) capital cost and (b) operating costs. Do you agree?

A Well, we don't do that.

Q Well, let me approach it that way?

A Yes.

Q Should the senior level of government pay all capital costs in the erection of new schools and new buildings, and new labs? And should the local authorities pay for the operation of same, or how would you break that down to be fair to your base, your new property base tax?

A My own personal thought is, this is rather revolutionary, I would imagine.

Q Be just as revolutionary as you like. That is what we want.

A Well, frankly, I honestly believe I would like to see education taken away from the municipalities completely. As I say, that is probably a revolutionary thing. I say this, and I am going to digress again. I have not dealt with all my things here. When we come to the question of Provincial Government grants, you see, I can show you on the one hand where they contribute well over 3 million dollars to us and what I am suggesting is that it is quite

reasonable that the province should control the standards of education, and take over the complete administration of the educational system. They would establish their standards and would not run into the problems where somebody, such as happened in the Northern part of the A Province, spent tremendous amounts of money on a composite type of structure, which more or less is experimental. There again, I say, I am not going to argue the merits or demerits of the case, because I have not sufficient knowledge. They would establish standards and looking at it from the overall picture I would say you would raise the standards in certain areas, and you would have more economical operation.

Q More uniformity?

A You must have uniformity. In other words, the Provincial Government sets standards of education. That is, standards of education which contribute to the greatest cost. Admittedly we do have certain frills such as the frills of physical education about which we complain so very bitterly, such as gyms and things like that, but they are covered with the requirements of the Department of Education. Is that not so? I think you would have more standardization, and while it sounds revolutionary, I would like to see us get to this position where they say to the cities "You have a problem, you run your own cities and do what you see fit. But you have to run it yourselves." It is not very pleasant to come like a poor relation continually with your

hat in your hand, and say "I want this and I want that." I would far rather see the cities in a position where they are not going to get 60% of this and 40% of this, and then come along and say "We are short a million dollars." That is no way to run your own business, and I would not like to run my own personal business that way.

Q COMMISSIONER DAVIES: In connection with the School Boards, under this thought you have provoked just now. What would be their position?

A Well, of course, if you are going to administrate from a Provincial level, you do not require --

Q I assume that that would be a neccesary corollary to your proposition, namely, that the whole field of education would revert back to the Province?

A Back to the Province.

Q And that would be not only the cost of the entire administration, but the appointment of staffs, the setting of salaries, retirement fund, and everything else.

A That is right. They have a big part in the retirement fund picture now, don't they. So far as the administration of your schools is concerned, it is not your elected body - and if I am quoted in the newspapers, I will probably hear from the School Board about this - but it is not your elected body, it is your administrative body, such as the Superintendent of Schools. He is the man who knows best what should be done in the schools, and naturally the laymen on

the Board must rely on him. I do not think your educational system would suffer to any great degree. Now, Mr. Chairman, you said to be frank and I am being frank, so far as I am concerned. I do not know whether I will be able to live in this city when I get through.

Q COMMISSIONER ROBISON: The rest of us may be in a similar position. Now, I was doing a rough computation. Supposing that by magic wand of this $14,419,000.00, you could have a reduction of $1,400,000.00. I have arrived at that this way. I am taking your childrens' aid, hospitals, hospitalization, 1 million dollars for education, and I am subtracting from the grant, the grant, the grant is $1,130,000.00. That leaves approximately $1,400,000.00. Now, adopting what you said as being fair, namely that these are not charges properly against land, could the city use $1,400,000.00 to better advantage than trying to operate those services?

A Well, I would not say we could use it to better advantage because these are services which are more or less demanded of the city. In other words, we could not abandon health and we could not abandon ch. ldrens' aid. Under the Provincial Statute we are required to do these things.

Q Well, would it be fair to say that you could use that money for more peculiarly municipal services?

A That is quite true.

Q Sewers, police, fire and matters of that kind?

A It would hlep us in this situation.

Q In the Toronto scheme, you see, they went into this matter of the administration of justice. Is there any charge there that should be taken by or borne by the Senior Government in the administration of justice in this city?

A Well, let me see now. We have to make some contribution towards that. We get it back through fines, don't we?

Q Your police headquarters and the police run to about a million dollars. That is part of that 60% over which you have no control?

A Yes, that is true. The Police Commission have control which is a very desirable situation.

Q Do you get any grant from the Provincial Government to that approximately 1 million dollars?

A Not directly.

Q Is there anything, in your opinion, that the senior Government might legitimately be asked to bear with respect to that item?

A Well, of course, I don't. I have not looked into that too closely. I do not feel like going into its component parts like that. I would rather deal with the problem a little more simply. You can analyze almost any one of these functions and probably say a percentage of this and a greater authority than ours should accept part of it. What I am trying to say is that while I follow your reasoning, I feel this way, that I would rather get away from that. I say the Governments are making substantial contributions to us now. A little piece of this and a

little piece of that, and a big piece of something else. It amounts to some fair sum of money. What I am saying is I would rather see ourselves in a position where we do not have to go to the Provincial Government continually and say that the Government should do this and do that. I would rather see some sort of a deal where they say "Now, this is yours. You look after that. This is ours and we will look after that, and let us stop all this arguing back and forth."

Q MR. BREDIN: It is true, Mr. Batchelor, that the city does provide certain police functions which result in revenue to the Provincial Government. I am taking, for example the Police Court provided by the City and yet half of the taxation for Highway Traffic offences is paid to the Provincial Government. Arrests are largely made in our City Police Court by police officials paid by the city. The Police Court premises are provided by the City, and it is true that the Police Court Magistrate is paid by the Province but a great percentage of the cost of reaching or acquiring that revenue is brought about by services and facilities provided by the City.

Q COMMISSIONER ROBISON: Yes, I have that in mind. Now, on the basis, following up what Mr. Bredin says, if you accept the premise that the senior Government has responsibility for some of the main highways through the City and bridges - and this came up in cross-examination of Mr. Strong - then you must, I think, accept the corollary that Senior Government has some responsibility for patrolling

or looking after those highways and those bridges. That seems logical?

A Yes, that is quite reasonable.

Q Otherwise, they would have if they were in the country. I have nothing more at this point on that particular subject.

Q COMMISSIONER BLACKSTOCK: The elimination of some of these items you have spoken of would leave that revenue free for municipal purposes?

A Correct.

Q Would that be sufficient to cure your situation, or would you still need money from some other source. Leaving education out of it, for the moment, I am speaking of those other items on Table IV?

A Well, I think as we pointed out, that we are going to need approximately a million dollars a year more to service our capital requirements, and that does not take into consideration -- you see, so many of our difficulties, we have not been able to take them to their proper destination. We do not know, for instance, what the impact of the school situation is going to be, say, in the next five years. We know it will be greater. So, we are going to need another 1 million dollars to service the debt. We are going to have extra demands from the School Board, which will have to be met, and they will have to be substantial. They will probably come up in the School Board brief. If we had -- Mr. Commissioner Strong and I were doing some dreaming with

a pencil yesterday, and if we had, I think it was, we said 44 million dollars worth of building permits this year - - now let us take a round figure of say 45 million dollars and that is taxed on the basis of 55% to compensate back to the 1945 cost, and then 60% of that, so that is roughly 1/3 that is 15 million dollars. Now, supposing in that there are two thousand homes. I just forget what figure we used. That was another $1,200,000.00 or let us say, 16 million dollars to be added to the tax roll. That would bring us in something like $800,000.00. That is a very rough mental calculation, and as you see our requirements are greater than that to service the capital debt.

Q Let us assume that you come to the conclusion that real property taxes cannot be increased, and that you will search for new sources of revenue. Then, to do that, you must first find out what fields of taxation do exist and find out whether they are all occupied or not. I think you will agree even on those assumptions that they are all occupied?

A That is right, sir. You keep coming back to this point that the fairest method of taxation is on the ability to pay, and every one of the taxation fields that covers the ability to pay are occupied by the senior governments. That is the position.

THE CHAIRMAN: Well, now, we will have a short adjournment.

(A short adjournment was taken).

Q COMMISSIONER BLACKSTOCK: Can you suggest to me any fields of taxation which might be surrendered by someone and given to the City of Calgary?

A Well, the difficulty of course, as I said before, I feel myself that it is not in the best interests of the cities to acquire greater fields of taxation. I must say that in starting this remark. I do not think that is the answer. As I said before, I prefer to attack it from the other point of view and say central authority should take over the cost of those services and facets of municipal level which have greater impact on the whole area. But there are fields of taxation, as I said before, any of the ones that come on the ability to pay and that is for instance liquor profits, amusement tax, income tax, sales tax.

Q And gasoline tax?

A And gasoline tax. Any of those taxes. For instance, in American cities they have tackled this problem somewhat differently to the way it has been tackled in this country, and they have a great variety of taxes which all invade in this country either the Federal or Provincial fields. If I might, I would just mention a few. Admissions and amusement taxes, cigarette and tobacco taxes, deed transfer taxes, garbage refuse service charges. Gasoline taxes, income taxes, liquor and alcoholic beverage taxes, motor vehicle taxes, occupancy tax, and sales taxes. That is just some of them, and they are in practically every

State of the Union. Some cities are in that tax field.

Q Well, that brings us to this, that the only recommendations you have, are those contained in your briefs, as to sources of new revenue, assistance to hospitals, assistance to roads, and greater help for schools?

A Yes.

Q My difficulty with your recommendations are that they are in very general terms. Have you thought in what proportion each should be given by the Senior Governments, or on what basis o. your formula? You merely make a wide recommendati on to us. Now, if we recommend, and we can say to give you a little more help to hospitals. The Government might say to us "how much shall we give them?" We do not know. And they will then continue in the manner they have done before and say "We will give you so much, you take it and like it." Have you anything more specific than you have in your brief or could you be more specific and give it to us at a later date?

A I was just going to come to that. It is the intention of the Commissioners, we have discussed this at some length, and it is our intention to file with your Commission in the early part of the New Year, a further brief with application of the ideas as stated in the general treatise on the financial implications of this thing, where we will come up with something specific. It has been just a matter of time. While our thinking is fairly sound on this basis,

I believe, we have not had the opportunity to expand it in the detail we would wish, The Board of Commissioners intends to present you with specific reommendations, and we will present them on some basis which we think is fairly easily applied.

Q THE CHAIRMAN: You think that a month, or a month and a few days will give you time enough to do that?

A Yes.

Q I imagine you will be in the midst of a preparation of the budget at this time?

A Well, the Commissioners are iron men.

Q Yes, I believe that after what you have told us this morning?

A I would like, if I may, I would like to come back with the reference to the schools again. It is of no great concern to us how some of these things were accomplished. It is the end result we are interested in. It is the relief of taxation of real property. How it is administered, or how it is handled, is no direct concern of ours. I mean, from a financial point of view. That is the point I want to make.

Q COMMISSIONER ROBISON: In preparing the further statement I wonder if you would bear in mind something. There seem to be two schools of thought developing in the field of municipal thinking. The first is that the municipalities are agents for the senior Government. That is growing in the old country. They are agents of the Senior Governments.

We have always thought here, I think, that we have certain statutory functions and powers. We do not want to surrender our autonomy. There are those who say that it really does not make any difference what happens, whether you are agents of the senior Governments or not, as long as you get the where with all to carry on adequately at the municipal level. Now, I think it is important in a large country such as this, spread out the way we are, to consider very seriously this matter of local autonomy, and the fact that where senior Governments come into the picture by way of grants, that they might come into the picture by way of direction?

A That is quite true.

Q So that when you are coming up with suggestions, possibly you can put them on the basis of areas of taxation which might be surrendered as of right to you, where you would not be the agents of senior Governments.

A I get what you are driving at. There is no question that what you say is quite true, that the basis of your whole democratic system - and this has been argued by better men than myself - start at the municipal level. And I mean, it must be admitted that our councils, our municipal governments are closer to the people than any other form of Government. So consequently we must be able to appraise the local situation and have the will of the people expressed to us more definitely than they do at the higher

levels of Government. That is the only danger. And that is why I say there are two ways of attacking this problem. If you get so much money granted to you, then after all the man who pays the piper, should call the tune, to a certain extent. And that is why I would rather take some field which is under the control of the greater authority which is not going to affect the particular problem you have mentioned, that is the problem of local autonomy. Much and all as I have said before, our people, when they are coming to vote do not seem to show too great an interest, but they would show an interest supposing your administration did something that the people did not like, something very serious, you would soon find out how local autonomy can operate. That has happened before. And while we are mentioning that, I would like to come back to this question of hospitalization again, and that is this, that I have said we cannot operate state medicine even in a modified degree at the municipal level. We have not got the where with all to finance it, and that Is why I feel about hospitalization, it is such a tremendous problem. When you consider a few years ago, if the hospital charges to the mill rate were over $200,000.00, we would have thought the world was coming to an end. But it went up just like this. It went up $200, 200,000.00, $500.000.00, about $800,000.00 and then over a million, just like that. And that is nothing against the administration of the

hospital. It is a very fine institution and well administered. It is just the fact that those costs have risen to that degree to provide a major service. We had a different concept of this 20 or 30 years ago, where we sent men from the city to the hospital with one thing in mind, and that is to keep the charge of the hospital to the mill rate down. Your whole concept of hospitalization, and these services has changed. The public demands the finest of services and they are justified in demanding it. If you or I were ill we would want the finest care we could get. That service, in particular, would be better if possibly our Provincial Government seriously went into the idea of a scheme of state medicine at the Provincial level. They have the resources and they have the taxing ability which we have not got.

Q I wonder if we had better not be careful in using the phrase "state medicine?"

A That is a word that has been misused.

Q I wonder if that is what you mean?

A Well, I did not mean state medicine, no. I meant a Provincial scheme of hospitalization. So far as state medicine, possibly in this country, I would think we are more or less getting away from that somewhat, for the very reason that our own medical profession have embarked on their own scheme. Right here in the Province of Alberta, of which the city is a partner, and that is something like Medical Services Incorporated. I am speaking of hospitalization on the

Provincial level.

Q COMMISSIONER BLACKSTOCK: Do you suggest that instead of being given a grant as a matter of grace on the part of the state, that you are entitled to some proportion of the taxes raised in your community by the senior government. Not as a matter of grace, but as a matter of right?

A Yes sir, I agree with you entirely on that, and while we may seem to be continually referring to the Provincial Government, we do that possibly because we are closer to the Provincial Government than we are to the Federal Government. But there is no question about it, the Federal Government takes tremendous moneys in the form of taxation from our communities, and while of course they operate on a national basis as far as the immediate benefits to the city are concerned, they are very remote. Why should they take the most lucrative tax base and just cut us off completely? Of course, we cannot deal with the Federal Government. They are unapproachable. Any approach we make must go through the merry go round and we end up nowhere.

Q Only one other matter I have in mind, and that is what degree of liason, if any, is there between the city and the School Board?

A Well, the liason between the city and the School Board, I am not speaking of the political level, but the administrative level, which is of course between the permanent officials of the city and the permanent officials of the School

Board, of both School Boards. It is a fairly close liason. They do let us know what their plans are so that we can try and integrate them into our thinking. But it is a separate operation. But we do not exercise any degree of control. We cannot. We have not the power.

Q Still, you have to find the money?

A That is true, sir, and I have said that on many occasions, that the School Boards are spending more of the tax dollars directly than the City Council.

Q Supposing the School Board tells you they were going to build a High School, and they were going to have a gymnasium and every possible thing that they are entitled to do under the School Act, have you ever attempted to suggest to them that the scheme is a bit gran iose and might be cut down?

A Well, sir, I only remember one instance in all the years I have been in the city, when that question ever reached the discussion stage in the City Council, and the council at that time and possibly quite properly, took the attitude that the members of the School Board were elected representatives of the people just the same as the members of the City Council, and they did not feel that they would be right in invading their particular field. In other words, the members of the School Board are answerable to the electors in the same manner as the members of the City Council.

Q Is that the one occasion on which I invited you to do so?

A Yes. Do you remember, you were Chairman of the Board at that time. You received no direction from the City Council at that time whatsoever. And that was their attitude. As I say, I am not going to quarrel with that attitude.

Q Have you any idea of any legislation that might be enacted to give you some control. The City Council certainly put on me the responsibility of authorizing the borrowing of an immense sum of money?

A I remember that, sir.

Q To provide a gymnasium and such like things on a very large and generous scale. I did not think you could afford it at the time. Could you suggest any type of legislation that could give you some measure of control over that spending?

A Well, of course I suppose even now the School Board -- well, I don't think so - - the School Board's demand comes before the Council and I suppose under review they could be sent back. But I do not think they have any control under existing legislation.

Q What I am asking is if you could suggest any type of legislation that would give you control?

A Well, of course, if you try to get legislation like that, Mr. Commissioner, you immediately invade the sacred precincts of some other elected authority, and you find yourself in a rather difficult position. The question might arise whether any of these Boards should have the power or the right to spend any of the city's money, other than the City Council.

Q Well, of course, that brings us to this interesting point. Have you given any consideration to the County Act and you can spend the money or not as you please?

A Well, I do not think we have ever considered that, Mr. Commissioner. I think you have referred to it on one or two occasions. I imagine some of our people are giving it some thought now.

Q Mr. Martin has promised to give us his views. My point is this, Mr. Batchelor, we have had two different forms of Government suggested, one city Government, under amalgamation, and the other a metropolitan scheme. There is still a third and that is the County. I have a sneaking suspicion amounting to almost certainity that Mr. Gerhart will be very disappointed if we do not say something about the County Act?

A Mr. Commissioner, so far as the two forms of Government that have been suggested, I would only like to make this observation that if we take the situation in the City of Toronto, where they have set up this metropolitan type of government, it was an entirely different situation than exists here. That is one of the reasons why we do not, it is not our opinion that a metropolitan authority is an ideal situation, or even that it should be considered. Because you have not got any well integrated communities with a sound developed administrative system. You only have say 5% of the population in these partly populated areas.

So it is necessary, that we should say that one central form of administration is desirable, because the area is not yet developed. Well, it has developed to an extent that it is causing considerable difficulty to many people, but it is not fully developed to any extent like those surrounding communities of the City of Toronto.

Q Would you give the County System some thought, Mr. Batchelor, and give us your views on it?

A Yes, I imagine that will be one of the things that we will be coming up with probably in the further submission we are going to make.

Q All right.

Q COMMISSIONER DAVIES: Mr. Batchelor, I would like to go back to some of the things that have been raised thus far, so as to keep the transcript all in a similar category. First, to come back to what Mr. Blackstock said about an examination of possible new sources of revenue. I take it that you would agree that it would be highly undesirable this Province that different municipalities should embark upon new forms of taxation such as they have in certain other urban areas in Canada. For example, in the City of Montreal they have a sales tax. If you go into a restaurant or anything like that you pay a tax. You go somewhere else and you do not pay a sales tax. And you referred to tobacco taxes and liquor taxes. Could I take it, you would agree that it would be highly undesirable in the

interests of this Province that our urban areas should embark upon any of these special taxes for the purpose of raising revenues?

A That is my opinion, sir.

Q Right. Now, the next step, then, would be, it seems to me, an examination to examine this further list that Mr. Robison raised as to where properly Provincial responsibility could like and could be taken over, but in that connection I wanted to ask you if in that list of items, you dealt with, was the question of your cost in respect of indigents included under any head?

A Under welfare.

Q And that is under indigency?

A Yes.

Q Now, what about your non-active hospital patients. That is those who are not hospital cases cannot be accepted under any scheme but need that attention?

A Yes.

Q Is that included under one of those items already mentioned?

A Yes.

Q Now what about Mothers' Allowances?

A Mothers' Allowances, we will go into that too.

Q And your per cent is what?

A I think the Province contributes 60% of that.

Q Mothers' Allowance?

A No, Mothers' Allowance is 80%, is it not?

Q 80, and you have got 20%?

A Yes.

Q That is under one of the headings mentioned by Mr. Robison?

A Did you mention Welfare, Mr. Robison, in your list there?

Q MR. ROBISON: There is an item about Welfare that I was not sure about.

A That should be included, but I was not sure what that was. I did not go into that at all. We did take Childrens' Aid?

Q Yes?

A That was $78,000.00 and then Welfare is $132,000.00, that is the net share of the city's cost.

Q COMMISSIONER DAVIES: Now, I want to raise then, in further examining the field, I want to draw your attention to something that has happened over a term of years in this Province, that there are certain items of expenditure that the Province has accepted total responsibility of in rural areas, but has not in urban areas. In other words, when an area has become urbanized, that the Province has shifted that responsibility on to the urban areas. One was mentioned yesterday, the question of bridges, where in respect to the construction of bridges, the Province pays the cost of a bridge if it is over 20 feet long. Now, why the Province should not accept a similar sense of responsibility when an area becomes urbanized, I do not know, but it would seem to me that that would be a proper

field that the Province should accept that responsibility all across the board. Would you agree with that?

A I would agree with that.

Q Now, I want to come back to the matter of police. It is a matter of common knowledge that the Province accepts the responsibility for the policing of all areas outside the boundaries of any city, town or village. As soon as a village is formed there is a shift then under the Town and Village Act that the town or village must appoint a Constable. Now, if there is one field in which there should be unity of purpose, and it is desirable should be under control of the larger authority, I think it would be the question of policing · The Province supplies the police outside of all villages, towns and cities. Why should not that be extended. Why should not that responsibility be taken off the villages and off the towns, and from the cities. I know from my own experience in the country that there are some villages that are supposed to have police and have not got them. To start with, they cannot get anybody to take the job at the pay that they offer. Then, a traffic offence is committed in our village, and we have no village policemen. Then you get in touch with the R. C.M.P. and he says "No, I won't come over because it happened in the village." I do not know whether you know it or not but that is what is going on on a considerable scale throughout the Province. Now, how willing would the

City of Calgary be to let the Province completely assume the policing of the cities?

A I do not think I am in a position to answer that question. It is a question of major policy which would have to be dealt with by the Council. You see, part of our policing would be the administration of our own specific regulations, bylaws and so forth.

Q The R. C. M.P. are responsible for the enforcement of municipal bylaws in the rural areas. There would certainly be more cohesion in the policing of the Province than there is now. When something happens in the City and comes under the City Police Department, and then a man goes out to Bowness. Then it is the Bowness Police Force. Then he moves on to somewhere out in the country and then they have to get in touch with the R. C. M. P. to pick him up. Would you agree with me firstly that as a matter of principle policing is one item it would be desirable to have on the Provincial level. As a matter of principle now?

A Well, as a matter of principle it might seem reasonable. Of course, you must also take into account while an integrated police force in an urban area is quite an asset to the community because they are so familiar with local conditions. I mean, it is closer to the police of the urban centres than you would have with any other type. I do not know.

Q There is a lot of authority in the books you will read that when an urban centre grows to such a large extent, certainly south of the 49th Parallel, and apparently in Montreal, the policing at municipal levels has not come up to the standards as it would at a higher level. You would agree with that, wouldn't you?

A Yes, there is no question from the point of view of raising the standard and possibly putting it on a very objective basis that policing control from the larger authority might work out satisfactorily.

Q Well, then, are we not finding ourselves in the position now - I mean this is the first substantial item that I have brought to your attention, that if we agree, as a matter of principle, that more efficient policing might be done at the Provincial level and then we would try and place that responsibility at that level - and personally, speaking only for myself, I think it should be and that it would be better - now, we find ourselves faced with the fact that the City might not want to give up that, but still we are complaining that we cannot pay for it?

But if we have the chance to get it taken over and paid for, if that is something we do not want to give up, are we going to find ourselves in the position of what policing do you have?

A I do not know Mr. Commissioner. I have not had any indication that anybody is very anxious to take over any

of our functions with corresponding financial responsibility.

Q I would like to know for myself definitely that if the complete administration of justice, if the Province were willing to take it over if Calgary would be willing to let it go. And if the answer is no, I would very definitely like to know why. I am not saying there are not reasons, but I would definitely like to know them. Would you deal with that when we come back again?

A Yes, sir.

Q Because that is a fairly substantial item.

A It is a substantial item.

MR. MARTIN: Over 1 million dollars.

Q COMMISSIONER DAVIES: Yes, and the rebates you get in fines do not amount to very much, do they?

A No. I just forget off-hand what they are.

Q COMMISSIONER. ROBISON: I think we should say -- I know what is in Mr. Davies' mind - I think we should say there is no indication of any inefficiency in the administration of justice in this city.

COMMISSIONER DAVIES: Well, I did not say that.

COMMISSIONER ROBISON: I am saying it, though.

COMMISSIONER DAVIES: I certainly was not suggesting it, but we have all read the report on Montreal and we are all fairly general readers of what has happened in the large urban areas in the United States. We have all read about the rackets there are. But for myself, and speaking

for myself only, I am satisfied that policing on the municipal level as an urban centre gets larger is not as efficient as it would be at the higher level. That is what all my reason tells me. I do not know anything about the efficiency of the police force in Calgary. I suppose it is the same as in Edmonton. There is a very efficient police force. Of course, the other alternative is that if the cities feel that they would not surrender the financial responsibility and the policing of the cities, then as to whether or not something could be worked out that a larger method of financial responsibility in respect of policing should be definitely accepted by the Province. But, Mr. Commissioner if we get into that position of police, we are getting again into the position of a police that you are objecting to on certain other things, where the Province is paying a certain amount of this, and the city has to take that. You have Mothers' Allowances where it is 1% on the Province and a certain percent on the city. You have got the situation with respect to hospitals. You have all these hangovers which I understand you would like to clear off the board, wouldn't you?

A I think so. I really feel it is getting so complicated. I mean, when you come into the Provincial field insofar as hospitals are concerned, which is even on a smaller scale than city administration, where you have all these various acts, under which the hospitals are operating, and they get

a portion of this, and a portion of this, and a portion of the other, and it creates a tremendous administrative problem. If you could simplify this matter and do what several other commissioners on this Board have asked, and that is reduce it down to some workable formula, which is going to give the answer, rather than saying we must take a little contribution of this and that and the other, and you end up with the most fantastic sort of arrangement. As I pointed out, I have not referred to that as yet, on these Provincial grants. I had this copy forwarded to me, Mr. Chairman, and Mr. Commissioner. I wonder if you would like to have it filed. That is an analysis of the grants from the Provincial Government to the city for the years 1953 and the estimated for the year 1954. Would you care to have this filed?

THE CHAIRMAN: If you think this is the proper time, Mr. Batchelor, yes I would.

A Well, it had slipped my mind before.

THE CHAIRMAN: Very well. Mr. McGruther is not here but it will be marked 38C. Will you give us the specific title of the document?

A "City of Calgary. Grants from Province of Alberta for Year 1953 and Estimated Grants to be Received from Provincial Government for the year 1954."

DOCUMENTS IN QUESTION
NOW MARKED NO. 38C.

Mr. Chairman, the reason I referred to that during the questioning of Mr. Davies was because it brings up that point that I have tried to make before. We are getting grants for maintenance of highways, small grants in lieu of service tax, in lieu of taxes on Crown properties, the big grant, a municipal assistance grant in aid, the health grant, the capital grant towards expansion of the police building, certain clinics, and convalescent homes, and wards, and shelter, relief 60% of the licensed homes, and the juvenile delinquency squad grant, hospital grants per diem, maternity and blind pensioners, polio, Old Age pensions, the hospitalization grant, $1.00 a day, and non-ratepayers. Grants towards the library. And then school grants. It is such a fantastic thing. You do not know where you are ending up. You are getting a piece of this and a piece of that.

Q COMMISSIONER: DAVIES: Accounting costs as between the city and the Province at both ends must run into thousands and thousands of dollars. For staff?

A That is the point. And another thing, the senior governments cause some of the cities difficulties such as continual requests for statistical information, that is mounting all the time. I mean, the reports. We are getting inundated with a mass of statistics. Where they go eventually, I sometimes wonder. But, I do feel that those things should be reduced to some formula that is workable

and not too hard to administer.

Q The first item you referred to earlier this morning, Mr. Batchelor, has to do with an excerpt dealing with the desirability of the urban centres considerably expanding in boundaries in order to take control of what might become fringe areas. Would you tell me if in those municipal readings that you indulge in, if you find much reference to the effective way of dealing with those fringe areas by effective regional planning or does the planning seem to be lacking?

A That is the whole point of this. These readings that I have made -- and I have not pursued it from the same angle, of course, that Mr. Martin would pursue it - in any of the readings I have made on that subject, that is the primary consideration. That is that planning control did not exist you see, and they thought that this method was the most effective method of control, which was only one consideration. That was annexation so that you could control it from the central authority.

Q Let us suppose that we accept that theory as being sound in practice. The city engages on considerable annexation. As soon as those annexations are complete there is a new city boundary, and a potential new fringe area just beyond that boundary, is there not?

A That is correct.

Q So that even if we accept this principle of extensive

annexations to the city for the purpose of having subdivision control that we are still in the position, Mr. Batchelor, that all that does is put the fringe areas further out unless we control that. Do you agree with that?

A That is quite correct. There is no point in placing one control on unless you extend that to the full. Otherwise, you create the same situation over again, only in a more remote degree.

Q I suppose you know that under the Ontario Planning Act, and the legislation creating the Toronto metropolitan area that what they did there was, they took the existing boundaries of the 13 municipalities that made up the Toronto areas, and that was constituted as a metropolitan area. But the Metropolitan Planning Board was given jurisdiction not only within the boundaries of the new metropolitan area, but roughly speaking for a further area of going about 8 miles out from the city limits. Did you know that?

A I was not aware of that, Mr. Commissioner. That is rather interesting.

Q That is what they did. It is not something like that that you want though, is it?

A Well, of course, I would say that I am sure that Mr. Martin feels this way that annexation of these areas will give us direct control over the development. I would feel too, in the larger authority of planning, he would certainly want to exercise control beyond those suggested boundaries and it seems to me from what I have heard in discussions

that a larger planning authority needs to have some authority. I mean, just now, if a community wishes to take advantage of the advice they can receive they can do so. You have, a situation I believe, in the Northern part of the Province where one of the communities withdrew from the metropolitan area and upset the whole basis. It can be done by legislation, by some major authority. I think that was the intent of the original legislation, although it may be it lacked the power it should have.

Q Then you raised in your preliminary statement the position of the Calgary taxpayers, that although you came out in favour of amalgamation that they could not accept any burden in respect to that. It is in your brief that the present school grants if amalgamation is proceeded with, should be continued to those areas of Bowness, Forest Lawn and Montgomery. That is right, is it not?

A Yes, I would say this in the presentation of these calculated costs we had to start from some basis, you see. So we thought well, "We would include in those areas the present grants that they were receiving from the Government." Had we excluded them, then of course the costs that we submitted would be that much higher. While we did not carry our brief quite that far, it was not our feeling that that was going to be the situation in perpetuity. In other words, the whole problem as we are now discussing it has got to be assessed on a far broader basis. This was the immediate

problem. If certain things were done in annexation. But the larger problem which will develop as time goes on would have to be dealt with on a much broader basis. You could not expectthose grants, equalization grants within the enlarged city to continue on that basis. In other words, some other basis of settlement would have to be made eventually.

Q Thank you. Would you also agree it would not be practical to try, in the event of amalgamation, to expect the Department to continue computing grants on particular areas on the old basis?

A No, sir.

Q Specifically, you have not arrived at any conclusion to recommend to us about how that picture should be developed financially, have you?

A No, we actually have not pursued the subject to any extent. As I say, that is part of the broader concept of the thing which will have to be investigated eventually.

Q Now, you raised this morning the point of the exemptions. Is it at this stage you can give us a breakdown of your total exemptions on 32 million dollars?

A No sir, I have not got those figures with me, but I can produce them this afternoon or at least tomorrow morning at the latest.

Q Suppose we go on to discuss the whole field of exemptions. You mentioned the Ogden Shops agreement and the Palliser

Hotel agreement, and the whole question of exemptions. But in your recommendations you do not say what it is you want. If one reason the recommendations in your brief on exemptions it is largely that these should be all re-examined, is it not?

A That is correct.

Q Well, for myself, I do not know a thing about what the Palliser agreement was. I do not know what the Ogden shops agreement was. I do not know how many of the Commissioners do. But if we are to talk about these things we will have to know about them just roughly speaking what they provide?

A Well, Mr. Commissioner, I am not in a position to go into those agreements. I do not know whether Mr. Bredin is in a position either at the moment.

Q COMMISSIONER ROBISON: Could you file them with the Commission as exhibits. Have you any statements on that as an exhibit?

MR. BREDIN: Yes, we can bring these agreements in and file them with the Commission. Now, Mr. Chairman, the whole idea I think, of the brief, is that during this expansion period of 1912, this type of agreement, which is in other words simply a bonusing bringing in industries and related businesses by granting them tax exemptions is a field that the brief recommends ought to be done away with. While the Industries Assessment Act does to some extent take care of that, a lot of the problems were

brought about by this bonusing. Shouldice Park and Bowness Park were all brought in on that same basis of granting what amounts to a concession in that a street car line was to be run out there. The Ogden Shops agreement provided that providing the C.P.R. would erect those shops on the outskirts of the City, the city would annex those four sections of land, and grant perpetual tax exemptions to take care of the cost of a number of subways, one of which was 14th and 4th Street West, and to do a number of other things that proved particularly onerous because those subways are being built today. The agreement was executed in 1911 when the cost of the subway was a small fraction of what they are today. That is more or less the details of the agreement.

COMMISSIONER DAVIES: Well, Mr. Bredin, for example, are the Ogden Shops in the list of exempted property today?

MR. BREDIN: Yes, they are.

COMMISSIONER DAVIES: No tax collected on them?

MR. BREDIN: No.

Q COMMISSIONER DAVIES: What about the hotel, is that a fixed assessment?

MR. BREDIN: The hotel is in a different position. Before the hotel was constructed, the city entered into an agreement -- I should go a step further back. The C. P. R. Incorporation Act provides that all buildings and structures on the railroad required in the

working and construction of the railroad is tax exempt. In the preamble to the Agreement, with respect to the Palliser Hotel, it recites this clause from the C. P. R. Charter and says that since the hotel will be erected on the right-of-way it will be tax exempt. Now, that is a question of law. I do not think the agreement should have appeared that way. It would be hard to say that that building is required in the working and construction of the railway. But at any rate, that clause appeared in the preamble and the agreement went to the ratepayers on this basis, that you will not get any taxes from this hotel. Are you prepared to agree to an agreement whereby the C. P. R. will pay $4,000.00 per year in lieu of taxes with respect to this hotel, and that agreement will be made in consideration of police and fire services. Now, repeatedly, the city went back to the C. P. R. from time to time and said that the police and fire services had increased and in 1928 the amount was raised to $7500.00 a year, and in 1937 it was raised to $10,000.00 a year. In the statutes of this year, however, we suggested that perhaps the original agreement had not gone to the ratepayers in 1911 on a proper basis in that it was perhaps a fair statement to the electorate that the hotel would have been tax exempt, and perhaps the whole thing was invalid on that basis. A compromise was entered into validated by the Legislature this year, whereby they paid $75.00 per bedroom, and that amounts to some $35,000.00, and that

amount was paid as of last year, and will continue for ten years under this validation agreement passed this year.

COMMISSIONER DAVIES: Then are we to take it as far as that reference to the Palliser Hotel in your brief is concerned we can wipe that out?

MR. BREDIN: I think you can. Except it was to point out the history of that period showing how a number of these exemptions got off the roll and there ought to be strict legislation preventing cities bartering away their rights.

Q COMMISSIONER DAVIES: Well, let us turn to the Ogden Shops Agreement. How many acres are involved there, roughly?

MR. BREDIN: I would say about five acres.

COMMISSIONER DAVIES: Then is the Commission to understand that there is anything in the Calgary brief that suggests that the Ogden Shop situation should be reviewed or might be revised by Provincial Statute?

MR. BREDIN: That is a question of policy. I do not think there was any attempt made for revision. The purpose of the brief was to prevent that type of agreement being entered into in the future more than any breach in the past.

THE CHAIRMAN: Thank you, Mr. Bredin. I want to mention to all of you who are interested that the Session this afternoon will begin at 2:15 rather than 2. We have to have a longer recess. We will now adjourn until 2;15.

(At this Stage the hearing was adjourned until 2:15 p.m.).

P. M. Session

15 DECEMBER, 1954

MR. BREDIN: Just before adjournment I was asked about the Ogden Shops Agreement. While it was a little too long to have available during this interval, there are a number of problems in the taxation exemptions which I think should be brought before the Board. But I find that the problem is so involved that I think perhaps we ought to give it in greater detail in your Hearing in January. For example there is the question of the Railway Assessment Act, which limits the assessment on railway property at $1,000.00 a mile. That has been a sore point with Alberta municipalities for years, because it was put in by the Northwest Territories Legislature in 1896 or 1895. It bears no relation whatever to the actual cost of the construction or the value of railways. In other Provinces it is higher. In some cases $10,000.00 a mile and in other cases $5,000.00. That is something that the Commission ought to go into. The Canadian Pacific Railway Act which is Chapter I of the Statutes of Canada of 1881 and Section 16 of that Act which I referred to this morning, exempts the Canadian Pacific Railway completely. Now, that was carried forward in the Alberta Act in 1905, because there was some question as to its constitutional validity at that time, and that had been adequately cured by its inclusion in the Alberta Act, and no question of its validity has come up. I doubt whether

you have any legislative authority, that is the Government to which you will report. I doubt if it has any legislative authority to vary the Canadian Pacific Railway agreement and make that railway taxable through the city, because it is a federal act, and only an amendment to that Act can be passed by the Federal Government. The railway contends, it has never abandoned its claim that this applies to other lands, but they have never seriously pressed it. There are a number of other exemptions. For instance, the taxation on minerals is now exempt. For example - and it is not too important to the city - we do own large blocks of land, the minerals to which we could take by tax recovery proceedings at one time. That is now no longer true, even though the surface and the minerals are held by the same person. We can only take the surface. At one time the law was that if they were owned by the same person, tax recovery proceedings took - that is, the minerals went with the surface to the municipalities. That is a small point because there is not a great deal of land, but still there is no reason why when they are owned by the same person the city should not acquire the minerals as well. There are so many other tax exemption provisions I think I ought to point to more fully in your next Hearing. For example, there are special statutes which many organizations have exempting them. The Y. M. C. A, for example, has a statute going back to 1907, which grants it perpetual exemption. I think we ought to review all these

provision and submit them more fully to you at the next Hearing.

Q COMMISSIONER ROBISON: Can you give us a memorandum of these in January?

MR. BREDIN: Yes. That is what I am suggesting we ought to do.

Q COMMISSIONER ROBISON: Would the Electric Power Exemption Act have any bearing, Mr. Bredin?

A Yes. That was another Act which I wanted to specifically mention because that will be more important. The Calgary Power Company, for example, has recently appealed their taxation on the grounds that we have not been living up to that exemption. They will now be regulated by the 10 mill rate. We feel it bears no relation whatever to the actual cost and should be put on a proper basis. In fact, it makes little difference here because our agreement with them provides we will pay the taxes, but the time will come when it may be of more importance, and it should be put on a proper basis. I think that is all I want to say now on tax exemptions.

THE CHAIRMAN: You will provide us with a complete memorandum of those exemptions?

MR. BREDIN: Yes.

COMMISSIONER ROBISON: Eight copies.

THE CHAIRMAN: I think, Mr. Davies, you were questioning Commissioner Batchelor.

DUDLEY EDWARD BATCHELOR, recalled, already sworn, examined by Commissioner Davies, testified as follows:

Q COMMISSIONER DAVIES: We were dealing with a question of exemptions. Have you anything further to say on that at the moment?

MR. BATCHELOR: Mr. Chairman, the first question arose was the difference between the figures, which appeared on the statistical statement, which has already been filed with the Commission. I think Mr. Robison made reference to it, and the figure I quoted this morning. That often happens when you are taking up statistical information, you sometimes pick up a different figure. The answer to it is, in the statement which I propose to file with the Board now, all city owned property is not included, and the figure that was in that statement, Mr. Robison, which you have, city owned property was included. So the figures of 32 million dollars that I quoted this morning include all the tax exemptions such as Canadian Pacific Railway Company, Government of Canada, Province of Alberta, schools, churches, cemeteries, Red Cross, Salvation Army and Holy Cross Hospital, Y. W. C. A. and Y. M. C. A., Canadian Legion, Department of Veterans Affairs and all of them, but excluding city property.

THE CHAIRMAN: Are you filing that as an exhibit?

A I have these copies now. Shall I file them, Mr. Chairman?

THE CHAIRMAN: Yes.

A That is for the year 1954 "Summary of Tax Exemptions."

THE CHAIRMAN: That will be Exhibit 39C.

DOCUMENT IN QUESTION
NOW MARKED EXHIBIT
NO. 39C.

THE CHAIRMAN: Mr. Batchelor, did Mr. McGruther get copies of the statement which you presented on grants from the Provincial Government?

A Yes, I will file these.

Q COMMISSIONER DAVIES: There are no further observations at the present time you want to make in the nature of any definite recommendation coming from Calgary, dealing with the question of exemptions?

A Not at the moment, sir. I just would come back to what I did mention before in particular with regard to the Federal Government. I would say again that it seems rather strange to us that we would lose in taxation from their properties approximately a half a million dollars while they take away from us over 350 thousand dollars in one of their own fields of taxation, which does not seem quite correct.

Q I would go like to go back and in view of the fact that when we come back again you will be making a further submission, I would like to draw your attention to something I believe the Commission feels is very important and which is not covered to any very substantial extent, and I am back

again to this question of the impact of oil on these two urban centres. In all of the material filed with us so far I do not see any sign of any building permits. Although this is essentially a population problem, your problem apparently arises out of the rapid increase in population above the normal. But there is not any reference that I have seen in any of the material as to how many houses have been built in Calgary, and how is that in keeping with other parts of Canada. How is it in keeping with, for example, Winnipeg or Regina which are both western cities, and which have not had the impact of oil. And in this connection I would like to refer you to Exhibit 130E from Edmonton. You most likely have it. That was a statement we had filed with us late there dealing with the impact of the discovery of oil and gas on the economy of the municipal Government of Edmonton. And here, at the bottom of page 2 it says " Prior to the increase in population - " no, "prior to oil the increase in population was at around 3% per annum. When oil activity really developed in 1948 and onwards, the rate doubled and almost trebled, and most of the increase was due to the influx of people from outside, presumably attracted by the publicity given to the oil news. This trend holds true in the case of Calgary and to a lesser extent in Saskatoon, where there has been some oil activity in recent years, but on the other hand in Regina and Winnipeg, where there is no oil activity, the trend is in the opposite direction.

The fact of there being immigration particulary in Winnipeg." I would think the two urban centres, these two urban centres in Alberta would be in an immeasurably stronger position than they would otherwise be in the event that they could attribute a lot of their financial and other problems to the impact of oil. If for no other reason simply because it is true that a lot of the expense of oil has fallen on these two urban centres, whereas the revenue is falling on the central government, it would seem some of the revenues should be falling somewhere else. That sounds a reasonable proposition, Mr. Commissioner?

A Yes, sir. That is quite reasonable statement. I think we will be able to present things along that line. I think that is Mr. Commissioner Hodgson's brief you are referring to.

Q Yes. And there is another exhibit in Edmonton, a municipal review of the Bank of Nova Scotia for September, 1954 entitled "The impact of Leduc." Your city is specifically referred to there. There are some very far reaching statements?

A Yes.

Q In fact, there are statements in this exhibit that indicate that the erection of dwellings in the City of Calgary and in the City of Edmonton, in each of those cities individually, exceeded Winnipeg which is over double in population, which would seem to establish considerable strength to the view that a lot of your increase in population and attendant difficulties

financing schools and otherwise is as a result of oil development. So, I hope you can give us something on that when we come back?

A Yes sir, we will. It may be that some of my colleagues have something they wish to say about oil or the impact of oil while we are on the subject.

COMMISSIONER ROBISON: I was going to refer to it, Mr. Davies. But simply to suggest that the Commissioners will give us something on that when they come back in January. I do not suppose you have any cogent analyses of any kind at the moment except the impression it has had and the effect on the cities.

MAYOR MACKAY: Mr. Chairman, when will you be meeting again in January?

THE CHAIRMAN: Well, Mr. Mayor, as far as we can see at the moment, we will be back here on the morning of the 24th of January.

MAYOR MACKAY: It will be our feeling we will have good men in the oil industry prepare that statement so that it will have the authenticity of the oil background as well as our own.

COMMISSIONER ROBISON: You have a copy have you, of Mr. Hodgson's statement from Edmonton?

MAYOR MACKAY: No, but we will get it.

THE CHAIRMAN: Commissioner Hayes, do you wish to ask any questions?

COMMISSIONER HAYES: Of the impact of oil?

THE CHAIRMAN: Yes.

COMMISSIONER HAYES: I have no questions.

Q COMMISSIONER DAVIES: Let us turn to the Municipal Assistance Act, Mr. Batchelor. Would you outline to the Commission now the basis of your payments from the Act?

MR. BREDIN: That is the Municipal Land Assistance Act?

A I am not sure which it is.

MR. BREDIN: The grants come under the Municipal Assistance Act, and that is grants in aid.

Q COMMISSIONER DAVIES: I am referring to the Municipal Assistance Act?

A That is where we get this money to help us in our current operations.

Q That is right.

A Well,Mr. Chairman, just to run over this brief. In 1951 we received the sum of $633,000.00 from the Provincial Government and my figures that I would give to you for the purpose of clarity will come from what was included in the budget. There was some adjustment made in some instances in this grant, but for the purpose of comparison it does not make too much difference. If you come back to 1951, had it not been for the Municipal Assistance Act, the city would have been faced with a levy of 66.2779 mills. By the use of these Provincial moneys we were able to reduce the

mill rate to 60 mills and the way we did it, we projected the grant in aid to all phases of the budget, and I can file with you the mill rate breakdown on that should you so require it. The point was, we were relieved of 6¼ mills by that Act in 1951. In 1952 - I should have mentioned there that was on an operating budget of $5,700,000.00. The next year on a 7 million dollar budget without the municipal assistance we would have had a mill rate of 66.4781. We received a projected grant of $770,000.00, and we were able to reduce the mill rate to 59¼ mills, a reduction of almost 7½ mills. In 1953 on a budget of 6½ million dollars, the grant shows one where the shoe was on the other foot. The anticipated grant of a million and a quarter and the grant was a little less. In the other two cases it was a little more. On the anticipated grant of a million and a quarter the mill rate would be 73.894, and it was reduced to 65 mills. In 1954, on a budget of slightly over 10 million dollars the estimated grants of $1,130,000.00, the gross mill rate would have been 54.0226. It was reduced to 48 mills. I might say that during that period of time the City of Calgary adopted a different policy, I believe, to the City of Edmonton. In all cases, the City of Calgary reflected this grant into the general operating account as a reduction of the mill rate. I do not believe that was done entirely in the City of Edmonton. In other words, we kept faith with the Government.

I mean, this grant was made with the idea that it would be some relief to our own taxpayers, and that is exactly what the City of Calgary did. So that is the picture as far as those grants were concerned.

Q Mr. Batchelor, as to how the division of the total funds available for municipalities is made in the Province, that is as between urban and rural centres - and in urban I include cities, towns and villages, and on the other hand rural - I understand that a certain amount of money was stated to be available for municipal assistance, and that it was decided that would be allotted on the one hand between rural areas and on the other hand between urban centres in the proportion that they bear to the total population. Have you heard that stated?

A No, sir. I am not familiar with that as a matter of fact.

Q Ask my colleague, Mr. Hayes, for that information. I think you will confirm that Mr. Hayes?

COMMISSIONER HAYES: Yes, that is right.

MAYOR MACKAY: The reason Mr. Batchelor would not know that is he was not a Commissioner at that time we reached the understanding with the Provincial Government. That is quite true that is the understanding that we were given by the Government.

Q COMMISSIONER DAVIES: Now, using that as a starting point what do you think of that as an equitable principle for the distribution of municipal assistance. I am talking

now about the starting point only, as to whether or not that is the proper way in which the total funds available should be distributed?

A Well, Mr. Chairman, I would not say that is the most desirable way of distribution because there is no question, as I think I mentioned before, that as your urban centres - and I am just taking urban centres - as your population increases your costs of operation increase. So, I would say that the cost of operations in the urban centres is not by any means proportionate with the cost of operation in rural centres. They are not faced with the same problems. Similarly you can differentiate between say a city of the size of Calgary, and a city a third the size of Calgary under normal conditions, normal growth. It would appear, and statistics prove it, that the cost of operation increases as your population increases because you can come more highly urbanized if you will allow the expression, and create demand for various kinds of services as you increase your population.

Q Have you discussed this with your fellow commissioners now, or are you just giving a personal opinion?

A It is my personal opinion. We have not covered all phases of this thing. If they wish to interject a remark now, that is all right.

COMMISSIONER STRONG: Mr. Chairman, I was going to say I think the commissioners agree with what Commissioner

Batchelor has said that while the principle of grants has been on the basis of equalization, we feel that is not fair as far as the larger urban centres are concerned. It might also apply to some of the smaller cities but we believe that our problems have been accentuated and aggravated and therefore we feel that equalization on a per capita basis for urban and rural is not an actual satisfactory basis in that particular case.

Q COMMISSIONER DAVIES: What would you think of equalization of grants being related to (a) per capita assessment and (b) that a system of grading according to recognized costs of government that increase with the population?

A Well, Mr. Commissioner, that would be preferable, I think, except you would have to be certain your assessments were on a comparable basis. That is a pretty good supposition. They would have to be standardized, which is something that should possibly be done in any event.

THE CHAIRMAN: Do you wish to ask anything at this point, Mr. Hayes?

Q COMMISSIONER HAYES: Yes, I do. Coming back to this municipal assistance. In the early years of municipal assistance, was it not the fact that there was half of the grant was on a conditional basis, conditional on reduction of taxes?

A That is correct.

Q In other words, if you did not reduce taxes, you did not get

that half of the grant?

A Now, I am just talking from memory. That is so. But it did not last very long, Commissioner Hayes. It seems to me that they started out on that basis, and they abandoned it, I think in the second year.

Q Yes, but there was a principle there. Do you believe in the principle?

A If the primary object in all these things is to try and level out the whole taxation system within the cities, I would say yes. If you approach it on that basis it is a sound idea. The thing is it would be unfair to make these grants if they were not being directed into channels into which they should be, which is to try and level out this whole picture, which we say is out of balance. In other words, we are contending that the real property tax base is not sufficient to carry all these services. Therefore, if we get these grants to be consistent we should reflect them against that inequity which we say exists.

Q The principle that was established there was, that if the municipality reduced the tax up to a maximum of three mills, it would be made up by the Provincial Government. A very definite principle?

A That is correct.

Q In other words, the municipality did not lose any money. They simply reduced the tax and the Government agreed to reimburse the municipalities up to a maximum of 3 mills. Do

you think that principle was sound?

A No, I don't think the principle was sound because the City of Calgary would have found themselves in this very invidious position, that no matter what we did we could not have qualified for that grant. Because we could not cut our mill rate sufficiently to qualify for it. I believe that is basically one of the reasons why the Government changed their policies. I mean, we would have found ourselves in the position that no matter what we did, we could not cut the mill rate sufficiently to qualify for that grant, and on an expanding economy, such as the cities had and still have, it was impossible. Theoretically it is like a lot of things. In theory it sounded very wonderful. Now, if we make certain moneys available then they will reduce their mill rate and we will finally get down to the position we wish. But it did not work that way. On normal operations for a long period of time, it could have, but we have had far from normal conditions in the cities of Calgary and Edmonton.

THE CHAIRMAN: The Mayor was going to supplement what you said.

MAYOR MACKAY: I think what the Commissioner said was quite right there. It was a wonderful theory but in a period of economic expansion it broke down completely. It never actually did get instituted so far as Edmonton and Calgary are concerned because we were on our way into this

period of expansion, and there was no looking back and naturally it had to level off. If we ever reach that period where it does level off, it may be possible to reduce the mill rate, but at present it is only a theory that does not work.

COMMISSIONER HAYES: Then what is your position on the desirability of the Government to extend this to all people in the Province. Is that sound?

A Mr. Chairman: I would prefer not to express an opinion on that.

MAYOR MACKAY: May I express my thought there, because we have been through this so many times, Mr. Hayes and I particularly. There are actually two problems here. There is this great oil wealth in the Province of Alberta and if we want to share the wealth there is no doubt about it that the rural person in the rural centre probably deserves his share of the wealth as much as anybody else does. But before we get to the point of sharing the wealth it is just like any other business organization, you have to take care of your business responsibilities before you can share the profits. But it is the need problem that has to first be answered, and then we would be all for any share the wealth scheme that comes forward. But every problem has to be handled on its own individual merits, but we have said this even in our Union of Municipalities, the problems of cities like Edmonton and Calgary are vastly different from the problems of a city like Drumheller or Red Deer, or some cities that

are not growing on an escalating scale that we are. But in the same token, a town or village has not the same problem. We have had the thought expressed maybe the major cities should be in an organization of their own, because they have more specific problems. Yet, they said "No", because if the towns and villages lost the support of the larger cities, then their case would break down, because they would not have the strength to carry their case forward. We have to go forward together on this basic idea that we will study each problem on the individual need of the locality affected. Just as the metropolitan area plan does not mean anything to let us say Claresholm, it is an essential need of Calgary and Edmonton, and you are going to find individual needs come first. That is the way we feel our problem has to be looked at, and I feel at times we have been placed in the position where we are competitively endeavouring to get the answer at the suggested expense of the rural individuals, which is the last thought in the world we want to be a party to. Nevertheless, that kind of feeling has come forward at times, and the only way we can get away from it is to say "Here is a need, and there must be an answer to this. Here is another need and there must be an wer to that."

Q COMMISSIONER HAYES: What I am interested in mostly is the sharing of a tax. Not the sharing of some of the sources of this Province of the increased revenues, but the sharing of a tax. 50% of the gasoline revenues of this Province

You say that the cities have greater need than we will say the small municipalities. Recognizing the fact that the fund is divided in the first place on the basis of the exact population of this Province, 46% rural, 54% urban, then is it not the urban people that should be taken into consideration in the difference between the city and a small village. Or should the urban be into the pot as well In other words, the rural people are dividing it up according to the formula that was previously adopted. The urban people are getting it on a per capita basis. Is that sound? If it is not sound should it be dealt with by the urban association or who should it be dealt with by?

A Wel , Mr. Chairman, I am not quite sure that I get the line of thought of Mr.Hayes' reasoning. Are you trying to say that the basis upon which this money is distributed to the rural people is different to the basis on which it is distributed to the urban.

Q Well, the idea is this, let me say that the rural people are pretty well satisfied with that division. The urban people are not. But you are saying that there is a greater need from say the large cities than there is from the other members of the urban association?

A Yes.

Q In the division among the urban people themselves should they be differentiated between the large ones and the small ones?

A Well, I see what you mean. Well, I think you have to assess

all these situations, I mean, we would have to establish our own case. For instance, conditions that exist in Calgary here, while we are continuing to say that they are analogous to the conditions in Edmonton, that would have to be proven, and similarly if we say that our need is greater proportionately than that of Lethbridge, the onus would be on us to substantiate that with figures. But the distribution of any of these moneys should be on the basis of need.

Q Of need?

A Yes.

Q All right. Then let us take that. The rural people put one-third of their 46% in an equalization fund to be used for that purpose and distributed as the need arises. Now, the urban people do not do that. Are you suggesting that they should?

A I am not suggesting anything should be done with this fund yet, because, I mean, I would say that if they are going to restrict this to the present moneys that are available, it does not matter much what we do with it, I do not think. It is not sufficient to cover what we are suggesting is the major problem.

Q Possibly not enough, but is the principle sound?

A I should say that the principle of any distribution of these moneys should be on the basis of need. If the City of Calgary cannot establish that they need it then they should not get it.

Q Has the City made an endeavour to convince the other members of the urban association that they are in greater need?

A Greater need of what?

Q Of assistance?

A Further grants, you mean?

Q No, not further grants, but the difference in the share they would get from municipal assistance?

A Well, I do not know that. I cannot answer that question. Possibly the Mayor can because he is closer to this Union than I am.

MAYOR MACKAY: We have been trying, Mr. Chairman, to cross one bridge at a time. We had a formula where we put away one-third and we distributed it in accordance with need, and then distributed the other two-thirds on this grant formula that was announced. We really had to wait until Mr. Judge handed it to us. We could not work out the formula until we knew what it was going to amount to. Finally, the municipalities of Alberta came to this conclusion that rather than get involved on this kind of a problem that the next phase was we would better get it on a per capita basis so that we know where we stood. So the second step we took was to put it on a per capita basis. Now, we are faced with the problem that is not the answer, because we are faced with the problem that while it may be suggested that this is a tax dollar, therefore we are sharing taxation dollars and not sharing the wealth dollars. Where do we draw the line

on the dollars being spread across this Province for rural or municipal bodies. With the money going to the people who need it for any other purpose. I mean they automatically make tax reductions. They are not expanding. They have not got that problem. Money comes along and they say down it goes with three or four mills, and they get the benefit of the mill rate reduction. Whereas we get what we consider is sufficient assistance to the expansion program.

COMMISSIONER HAYES: I have a question about this mill rate. I notice where there is quite a reduction in the mill rate this year.

MAYOR MACKAY: Re-assessment.

COMMISSIONER HAYES: Re-assessment?

MAYOR MACKAY: Re-assessment is responsible for this year.

Q COMMISSIONER HAYES: Can you tell me how much the building permits amount to. I see a figure here from 1947 to 1954. Can you give me an idea how the building permits for that period are here?

A For that whole period?

Q Yes, that is the figures we have here in 1947 to 1954?

A I have not got those figures available. I could easily make them available.

THE CHAIRMAN: What is the page you are referring to?

COMMISSIONER HAYES: It is in this financial analysis

THE CHAIRMAN: Oh, yes.

A That is some of the information which we will file with you.

COMMISSIONER HAYES: Yes, that will come later.

COMMISSIONER STRONG: If I may be permitted, we will be providing the building permits for these various years, but for your information at the end of November of this year, they are 44 million dollars, and that was approximately 3 million dollars higher than a year ago, 1953, at the corresponding time. But anyway that does not include some 450 homes that were built in an area on the west side of the city which is being annexed to the city on the 1st of January, 1955, which will make our permits actually about 50 million dollars at this time.

Q COMMISSIONER HAYES: I was interested in getting what proportion of those permits go on the assessment roll, what percentage, you say 44 million dollars building permits. How much would it raise your assessment roll?

A I think I referred to that thing this morning, Mr. Chairman. I made a rough mental calculation. I remember I said 45 million and its present day cost 55% to bring it back to 1945, which means 60% goes on the rolls, or for a rough calculation, it is one-third of say, 45 million dollars, 15 million dollars would go on the tax roll.

Q COMMISSIONER ROBISON: What Commissioner Hayes means is how much of these permits will be coming on this year's roll?

A I misunderstood you.

Q COMMISSIONER HAYES: No, you understood me all right. I am interested in the total building permits over this period that is mentioned here, 1947 to 1954?

A Yes.

Q And how much your assessment is raised in the meantime. But you have a new assessment that will nullify what I had in mind. From your remarks a little earlier I think you indicated that the set-up between the school and the large municipalities needed some over-hauling?

A Well --

Q In other words, I got the impression that you thought it could be worked possibly to a little better advantage than what it is being worked at the present time.

A Well, Mr. Chairman, the reference I made to the School Board was, we were discussing what relief the city might have and the problem of deriving new sources of revenue. I made the suggestion that we be relieved of certain of these costs, and we would be in a better position than getting new revenue sources. Then, I think somebody asked the question that if we followed that to its ultimate conclusion, and the Provincial Government took over education, what about the School Board.

Q Yes?

A That was a purely academic question because I do not think we will ever get to the point where the full cost of education

will be borne by the Provincial Government.

Q No, but what I have in mind is what the Government should do. This Commission will be expected to report something, and I do not know. We are taking a look at the schools. They are making submissions here too. I am just curious about this over-hauling. I have my own opinion where these schools are headed for?

A Well, Mr. Chairman, it comes back to what I said originally, if I might quote again "Whatever the range of activities appropriate for execution by local Government may be, because of the inter-relationship involved, central government will doubtless see fit to impose numerous requirements and establish minimum standards. The State may determine that the best interests of society require the establishment of minimum salaries for teachers, policemen and firemen. By inquiries it might be determined that each incorporated place of a specified size must provide additional hospital facilities. In order to facilitate the movement of traffic the State might stipulate the width of a certain city street, and the size of intersections and other things provided for speed and safety. It is of the imposition of these State standards that the suggestion arises for the adjustment of the extension of central, local fiscal relationships. To the extent the State requires payment of minimum salaries to teachers, in the establishment of hospital or these other improvements. The existence of general

interest as opposed to local interest is definitely manifest."

Now, that refers to certain things which are not directly applicable to our situation, but in the very broad principle what I am trying to say is that where we wanted relief is from these matters which we have to finance, which have more than a local interest. Hospitalization particularly and education to a very large extent. I come back to what I said before, that the standards and control of education is vested in the Provincial Government and in order to live up to those standards it costs us a great deal of money. And I submit that the taxation of real property, which is our tax base, is insufficient to support these items, which are of a very general nature.

Q Maybe I should not ask you this question, but I am going to. We hear from time to time that the people today demand these services. Do you know of any instances where people demand certain types of schools, we will say?

A Well, I mean, the way people demand things, Mr. Chairman, is very strange in this day and age. The only way you can say that the demand exists, Mr. Hayes, would be what the elected representatives of the people do. I mean, we must pre-suppose that the members of the governing bodies represent the will of the people. So therefore, the standards which are established are established by law

or by resolution, or so on and so forth of these various Boards. Therefore, you can say, following it backwards, whatever the elected representatives say is required for standards, well, that is the will of the people.

Q I think you are right. If they approve of the more or less suggestions that are made by some of the leaders, it is assumed that is a demand from the people. I want to refer just to the hospitals in that regard. We see the same things. I am not saying you people here. But that is a stock phrase. The people demand the services. Have you known of anybody who demanded of the hospitals, for instance, services that you get there. I mean, somebody promotes that in exactly the same way and the people say "That is fine." Is it not more from the angle that the doctors demand this than it is from the people?

A I was just going to say that the raising of the standards in the hospitals to a large extent, would come from your professional people, including your professional administrators. But once these standards are raised, then of course the people expect these standards. As I said this morning, anybody who becomes ill is certainly to the best of their knowledge and their means, they would demand the best of care and the best of medical attention.

Q That would be the same in school or hospital?

A That is right.

Q You would want the best you could have if you could afford it?

A That is right.

Q They are both quite a problem, both school and hospital creates quite a problem for people. The supposition is that the people demand it. I think you are right when you say that people themselves. In other words, somebody promotes the idea, and you want the best educational facilities for your children and you want the best services you can get from the hospital. It is more or less secondary whether we are going to pay for it or not. Eventually we do have to pay.

A Mr. Chairman, that is commentary on our times, that people want the best of everything. I mean, I am not saying whether it is right or wrong. But a generation ago, the concept was, while we want the best of everything we were prepared to take what we could afford to have. There is quite a difference in philosophy there. In other words I might like to drive a Cadillac car,but I would be content, due to my financial circumstances, to drive a lesser car or walk.

Q COMMISSIONER DAVIES: In respect of hospitalization costs, Mr. Batchelor, wasn't it the mandatory authority of the Provincial Government that is largely responsible for the expansion of costs there. For example, switching over from two shifts to three shifts, and change of hours of labour and so on, I am not complaining about those things but didn't they have very serious financial consequences to the cities and other employers of labour?

A Our situation in Calgary was slightly different to other

hospitals in that we have been on the 40-hour week, and that cannot all be laid at the door of the Provincial authorities.

Q To come back to the subject, we are still on the financial assistance at this stage. If we look at this matter in terms of this area, Bowness 5,000 people, Forest Lawn 3200 people, and Calgary, say, 160,000 people, as far as the impact of grants under this Act is concerned in this area, each of them receive the same number of dollars on a straight per capita basis, that is right, is it not?

A That is right.

Q And nobody can say that even within this area that there was an equitable relationship between the need of those three different areas and the per capita basis on which it was actually paid?

A That is correct.

Q But you don't think that is right?

A Well, as I said before, I realize that we finally came down to this per capita basis as the only reasonable basis that we could arrive at at that time. But I still don't think it is satisfactory.

Q Well then, if that is so, what is wrong with the relationship of the municipal assistance to per capita assessment, using per capita assessment as one key and another key the increased table or formula based on increased municipal cost basis to urban areas being larger like they do in Ontario, like the Provincial Government do in Ontario, What

would be wrong with that?

COMMISSIONER HAYES: It was on that basis and it was discarded.

A The assessment picture in this Province was so far out of line that it would not have given us any basis. As I said before if you have an assessment down, as I say, in a case like that it would have to be completely according to standards by trained men from the Department of Assessment and the Department of Municipal Affairs, so that you have a uniform assessment throughout the whole Province of Alberta, and then that would give you some comparable figures.

Q COMMISSIONER DAVIES: Mr. Batchelor, the Director of Assessment of the Province would tell us as far as the villages and towns are concerned that we have a uniform assessment in Alberta today?

A I believe that is correct because I believe his Department does that work actually.

Q Now, supposing we have a uniform assessment in Alberta today in the cities and in the villages and towns. Are you satisfied that as between the cities in Alberta, that the assessment is uniform having regard to the provisions of the city charter?

A No sir, I do not think that is so. Now, for instance, the City of Calgary are just about to complete this re-assessment, which is more or less a re-valuation. I do not believe, for instance, that the City of Edmonton has done that, not in

recent years. Then again, you come to the point where even after you do the revaluation of assessment, there is a period of time where it takes quite a time - I mean you just cannot go out in a city of the size of Calgary and complete a re-assessment in two years, a re-valuation of all your properties, land and so on, with the rapid changes that are going on during that period. You cannot say that at the end of that time "Now, we have a complete and satisfactory answer to this problem." There is a period of adjustment that must go on following that. Then again, Mr. Commissioner, no re-assessment and no evaluation is of any value unless it is continued on that basis. In other words, our whole concept of the methods of assessment - I would say our concept here has changed. Basically I think the whole principles of assessment have become more highly specialized in the last 10 or 15 years. But none of these assessments are any good unless you continue to keep them up to date because in a five-year period or less, 5 years anyway, you would find things out of line. I think Commissioner Robison could substantiate that to some extent. There is quite a shake-down period after re-assessment.

Q Do you feel then, that at the present time, or insofar as the deliberations of this Commission are concerned, that it would not be safe for us to assume that assessments in the City of Edmonton and Calgary are on a comparable basis?

A I do not think they are, Mr. Commissioner. I don't think so.

MAYOR MACKAY: I might say on this particular point in relation to assessment that I forget whether it was three or four years ago, through co-operation with the head offices of the Canadian Federation of Mayors, the City of Edmonton, obtained some assessment experts in their city and took a reassessment of their city. When they got finished they had a more efficient assessment scheme than any other city in Western Canada. So the Government again came forward and up-graded our assessment and down-graded the Edmonton assessment as an equalizing factor. Now, we can come forward with an up-to-date assessment of our own which will be put into effect in January 1955. It is almost a sure fact that we are going to be up-graded and Edmonton is going to be down-graded by some form or another that will equalize it again. That is why we argue that the assessments cannot be the basis of a formula now, and some form of assessment will have to be worked out.

COMMISSIONER ROBISON: Assessments, is that the subject we are discussing?

THE CHAIRMAN: Well, I do not know whether Commissioner Hayes has finished.

COMMISSIONER HAYES: What I am interested in I notice in your report here it says they should practically double the amount of money in the pot. In other words, the poor and the rich are both participating under the present

formula. What you are really suggesting is, that the formula should be a little different. In other words, the set-up and in order to take that into consideration then the formula would have to provide a portion of whatever the money might be, a portion would be used for equalization purposes, is that right?

A I think that would be right.

Q Some portion of it?

A Yes.

Q That is all.

THE CHAIRMAN: It seems to me that there is some reference in the brief to this assistance which the cities receive from what do you call it, self-liquidating projects. That is some kind of an act.

MAYOR MACKAY: You mean the Municipal Assistance Act?

THE CHAIRMAN: No, liquidating projects. Borrowed money.

MAYOR MACKAY: That has been washed out

MR. BREDIN: That is no longer available.

COMMISSIONER HAYES: But you do get some discount from it.

MR. BREDIN: Not under that Act, sir. We do all our borrowings under the capital --

COMMISSIONER HAYES: You do now, but you still pay on some of this old stuff?

MR.BREDIN: That is true.

THE CHAIRMAN: Did some other legislation take the place of this Act?

MR. BREDIN: Yes, but the rates of interest unfortunately are higher. The other Act applied only to self-liquidating projects such as waterworks and utilities of that nature. But this new Act, the maximum rate of interest is 3½% for a 25-year loan, as opposed to 2% or 2½%, 2% under the other.

DR. MAYO: It is a successor to the earlier Act.

THE CHAIRMAN: Yes. Is there any comment or discussion on this. I thought if Commissioner Batchelor wishes to say anything about that or anybody wishes to ask any questions about how that is working out, this would be the proper time to have it. If there is nothing to be said, then we will go on to some other phase of the brief?

A Mr. Chairman; the only reference I was going to make to the capital program - and I think Mr. Commissioner Blackstock will be interested in this - I did mention here, it is interesting to note, that of our present debenture debt of approximately 43 million dollars, almost 75% is held by the Province of Alberta, and is in the form of serial annuity bonds, which makes a uniform yearly combined burden of principle and interest. Less than 12 million of our debt is on a straight serial basis and we are therefore faced

with a fairly rigid debt pattern for extended periods of time. As far as the fixed annual charges on this capital debt are concerned, Commissioner Blackstock, through his long experience as Chairman of the Board of Public Commissioners for many years, and who knows the difficulties that our cities were faced with, will agree that too rigid a debt pattern may have serious repercussions in times of falling revenues, and that is the picture we are in today, for fairly extended periods of time. You see, the ideal situation is this -- we are getting further away from the ideal situations in finance as far as the city is concerned all the time. I remember many years ago, projecting a series of graphs showing how our debenture debt charges would gradually recede and as they reduced you would make room for new capital expansion. An ideal situation. From the figures I quoted you this morning, we are not in that fortunate position, and as I say only 12 million of our debt is on a serial annuity basis, which has provided us with some slight expansion of our capital debt, but with this expansion program it is just barely possible to operate. But if you run into a period as Mr. Commissioner Blackstock will remember, if you run into a period of falling revenues, you are running into a serious situation, because you are faced with annuity payments which you cannot meet. In the old days of sinking funds - I would not advocate that - we did manage to struggle along for a few years by issuing debentures to ourselves for the unpaid

portion of the principle and interest on capital annuities and we had trustees. That was the reason why so many of our western cities and cities through the whole of the American mid-continent got themselves into such an unfortunate position. The fact still remains that we have a fairly rigid debt pattern insofar as payments are concerned. There is no great leeway especially when you are in an expanding economy such as ours that requires these tremendous capital expansion payments every year.

COMMISSIONER BLACKSTOCK: In addition, the annuity form of debentures cost you more money in the end than the debentures would have. Have you ever figured that out?

A That is true.

Q Your first retirement is pretty nearly all interest and a very small amount of principle?

A Yes. With a long period of time it would be more for the very reason you have a stable annual charge. The other way you have an annual payment which is reducing the principle portion annually, and of course you save considerably in interest. a

MAYOR MACKAY: There is a rather important paint we as civic officials think should be established here. That is in this present very lush period we are passing through in the Province of Alberta we would like the Commission to keep this in mind. There are bridges being built by the Provincial Government. There are roads being built, there

are buildings being built, there are hospitals being built, there are universities being built, comparable to the schools we are building. They are all being built on a cash, on a barrel head proposition. Consequently the people in the Province are saved the interest and everything else we are talking about now. But when we have to build a bridge or we have to build a school or a hospital we are immediately thrown into the interest money market and we pick up this problem that Commissioner Batchelor is talking about. Here is the Government authority that is doing a tremendous job of money saving, but at the same time they are passing on to us a tremendous burden of having to finance everything we do on a long term basis. I think that is the point that should always be kept in mind?

A I was going to refer to that point, for the purposes of the record, let us take a million dollars under their present set-up, and we finance it with the Provincial Government for 25 years at 3½%. With annuities of over $60,000.00 a year over a period of time. Your million dollars would cost you $516,851.00 and that is the very point his Worship is referring to. That is a tremendous debt when you are dealing with programs that we say add up to 50 million dollars a year. In a five-year period stupendous sums are being diverted back to the borrowing authority in the way of interest charges. There was a time when we were able, it is not so at the present moment, but a year or so back,

the City of Calgary was quite capable and we were in a different position than the City of Edmonton, we were capable of going into the money market and borrowing money. We were able to borrow it from the Provincial Government at substantially lower rates of interest. There came a period when the money market, it was a very strange year, we could have almost got into the money market we think, and we had some very good advice from some of the larger syndicates on this Continent from South of the Line. His Worship the Mayor will remember this. These men were up here specifically looking for places to put their capital, and they would have been very pleased to loan the City of Calgary almost any sum of money within reason at that time. We were in a different position than Edmonton. I do not know that we are now, because our debt is climbing so rapidly also. There is a fact remains that when you have to pay out these large sums of interest back to the borrowing authority who might not require it as much as we do, it is a substantial consideration.

Q COMMISSIONER DAVIES: Mr. Batchelor, just to have it on the record, what is the total amount that you borrowed under this particular Act from the Province? Some of your other money that you referred to this morning you would have borrowed under the other Act that has now gone by the Board, wouldn't you?

A Beg pardon?

Q Some of the money you referred to this morning in your

borrowings, you would have borrowed that under the other Act, would you?

A We have borrowed some under the other Act. There is some of that. That was long-term borrowing. That was for the waterworks. I believe we got that on a 30-year basis at 2%. So your interest cost on that is fairly substantial. I am sorry I cannot just lay my hands on that. Can I get it for you later? I have so many figures here I cannot find that. I have a tabulation of that.

MR. BREDIN: I think there was 12 million dollars borrowed this year under the Capital Loans Act, 11 million dollars in 1953. I do not have the figures for the years previous to that.

MAYOR MACKAY: It would be safer to say it was closer to 30 million dollars.

Q COMMISSIONER DAVIES: Would it be right to say today that you could not go out on the money markets and get that money?

A Well, I would not -- no, I would not want to make that statement. I believe we could get it. We could not get it at that rate, I am quite sure of that. That figure of 30 million dollars would be fairly close because I remember I referred to the debt of 43 million and some of it was on a serial basis so 30 million dollars is close enough.

Q Would it be right to say you are counting now on making all

your borrowings from the Province under this particular Act?

A Yes. But there is one phase of this thing that is rather disturbing. It could happen that the City might be forced into a different position, and that is this, that while we could go to the Provincial Government within certain limits - I mean they won't let us have, I mean they won't let us have entirely the amount of money, and once or twice it has been suggested to us that if we required that much maybe we should go and do something else. But it has never come to that point. However, one serious consideration is this and I am not quarrelling with the policy from the point of view of the Provincial Government. It is probably a sound policy. But from our point of view the policy of trying to say to us "Do you require 15 million dollars. All right. We want so much of it for five years, so much for ten, so much for 15, so much for 20, and so much for 25." The effect of it is this that they are making us close this borrowing up much too tight and the impact of the annual charges on that debt is too great. That has been one of our serious considerations. They close us up too tight. That is, you are forcing us into a position of very very heavy annual charges for periods of time that might not coincide with the life time of the assets you are creating. The principle of municipal finance has always been founded on this basis - and I think Commissioner Blackstock referred to this in his

discussion with Commissioner Strong the other day - while we do not have very much to do with the depreciation, it is the retirement of your debts which is the form of depreciation which the municipality follows, and in order for that to be sound then the life time of the assets should as nearly as possible coincide with the debentures. The only time depreciation enters into our calculation is when the life time of the assets could possibly be shorter than the period of the debentures and then you would have to provide depreciation to take up that balance.

Q COMMISSIONER HAYES: You are suggesting that the term should be longer?

A I am suggesting, Mr. Commissioner, that the Government says to us "You must shorten the terms of these debentures. We will not go beyond 25 years." I say you cannot do that looking at the whole picture. It puts us in rather a difficult position.

Q If you could lengthen that period say to 30 or 35 years, would that help?

A That would help. I mean I am not advocating that we extend the debt beyond the limitation of the useful life time of the assets. And that would be probably a worse condition. I am saying you should not arbitrarily say X millions of dollars for so many years. You cannot do it.

Q COMMISSIONER DAVIES: Somewhere in your brief you raised the question of interest rates being too high. I

think you made the suggestion to this Commission that it should recommend that your interest rate should be cut. Do you know the portion I am referring to?

A I am not familiar at the moment.

Q I was wondering if you had anything more definite to say on that score while you are dealing with debts. What have the council or the commissioners got in mind.

COMMISSIONER STRONG: I would like to draw that point to your attention. I think you would like some specific recommendations from us in that connection. I believe Commissioner Batchelor has covered the points very capably there. There are two principle things. First, rate of interest. While we are certainly indebted and appreciate what the Provincial Government is doing in the way of providing money that we can borrow from them, still we feel that the rate of interest of 2½ to 3½% is high. Our suggestion is it should be reconsidered for either reduction or removal. After that, we believe that this money is drawn from the citizens of Alberta generally. We also realize that they are the basis for their capital grants. The loan is the basis of establishing a revolving fund, which is sound but as Commissioner Batchelor has pointed out, they want this fund to revolve too quickly and it imposes a hardship on the cities when we have to reduce the period of borrowing considerably less than the lifetime of the assets with the rates of interest that are paid.

MAYOR MACKAY: I am not a mathematician but I have been working on this. Just to illustrate how serious a problem this is to the municipalities and how it is one of the things that must be given a great deal of consideration. We have just finished building the Mewata Bridge at a cost of us to $2,000,000.00. That is a round figure. We will deal with just round figures. The Government has told us they will pay 40% or up to $700,000.00 to that bridge. So we get $700,000.00 from the Provincial Government and that means the bridge costs us $1,300,000.00. Now, over the next 20 to 25 years, as we finance that bridge, we are going to pay 2 million dollars for our bridge and the $700,000,00 is going to go back to the Provincial Government. So they have contributed nothing towards building the Mewata Bridge.

COMMISSIONER DAVIES: Did you say you were not a mathematician?

COMMISSIONER ROBISON: Are we finished with that subject. I want to get into interest sometime this afternoon.

COMMISSIONER HAYES: Do I understand that when you went to borrow this 12 million dollars you borrowed last year could you get that say for 25 years or did they make you break it down?

A Mr. Commissioner, we have to break it down. As I say the Provincial Government suggest to us "Well now, we don't

want all of it on the long end. We want it more or less averaged out." And as I say, the fact actually last year was that we compacted this thing more than we normally would have done. If this is carried to its illogical conclusion we would be in a serious position.

Q They would loan you the money but not for the term you would like it?

A No. They have a schedule.

MR. BREDIN: I think, Mr. Chairman, one problem Mr. Batchelor is getting at is that the Act sets a maximum of 25 years. In other words, you might have an asset like a bridge that might last for 40 or 50 years or longer, but since the maximum time you have to repay that money is 25 years,the interest rate for that is 3½%. If you have another project at 20 years your interest is lowered to 3 and lower to 2½. I think that is the lowest. The longer you go the higher interest you pay. The longest period you can have is 25 years. Some of our long life projects could easily go longer than that in borrowing, but under the Act, 25 years is the maximum. I think that is one Mr. Batchelor is getting at.

Q COMMISSIONER HAYES: What I want to get clear in my mind is, you borrowed 12 million dollars last year. If you wanted 12 million dollars on a 25-year basis, could you have got it?

A No, sir.

Q That is the point.

A If I might -- I guess I have not got it here.

Q Do they classify your loans. In other words, you want so much for different periods, and that is the classification for the term of the loan.

A Mr. Chairman, if I might make some reference to this 1953 to illustrate the point. Of this 12 million dollars, parks improvement is on a 10-year basis. Hospital is on a 25-year basis. Storm sewers on a 25-year basis. Certain local improvements on a 10-year basis and so on down. Street widening on a 15-year basis. It is a broken period all the time. We had other local improvements which coincides with our ideas. Some of the others we were forced into the position. That was in 1953. And the 1954 borrowings we certainly were told to close it up because they wanted to equalize their own receipts. That is exactly what they wanted to do. As Mr. Commissioner Strong said they wanted to revolve, but we think they wanted to revolve a little too rapidly.

Q You are being forced to have short term borrowings, and you want the terms of the borrowing increased?

A That is correct.

Q COMMISSIONER PLACKSTOCK: Just revolve a little too rapidly. Then you are being forced in some places to have short term borrowings and short term borrowings increases your annual fixed charges?

A That is correct, sir.

Q COMMISSIONER ROBISON: Do you think there has been any case to be made for some of those loans to be on the basis of the expected life of the property. For example, like the bridge you referred to. Supposing you took the expectancy of that bridge at 75 years, and you took the expectancy of stormsewers, and the expectancy of something else. Is there anything in that that would point the way to a recommendation of any kind as to the term on which loans might be made?

A Well, it would offer some relief.

Q You see, some of the old mortgage ran for four generations. As a matter of fact, they were never paid off. Some of them are still alive.

A Mr. Chairman, I remember some years back, studying for instance borrowing from the municipal point of view, and the axiom that was stated was to borrow as little as possible and repay it as rapidly as possible. We certainly have gone a long way from that.

Q That was another ideal situation.

THE CHAIRMAN: The situation is rather reversed now.

Q COMMISSIONER BLACKSTOCK: Even borrowing on the open market, the loaning institutions might force you to issue some short term debentures?

A True, Mr. Commissioner. That is another strange thing, sometimes when you go into the open market, I have seen this

very very considerably, and I imagine you have too, that the lending institutions that due to market conditions will say "We will price it this way. We want the heavy end on the short end. Or we want the heavy end on the long end, or we want the heavy end in the middle." Just because market conditions vary. I have seen it when short term issues of debentures were not the most favourable for market conditions, where say middle term bonds were. So it is a varying condition.

COMMISSIONER ROBISON: Well, do you think it is fair to say there is an obligation on the part of the Provincial Government to let out moneys for capital purposes on an interest free basis?

A I would think that -- I mean, you must take this on the basis of the economy of this Province. I would say, Mr. Chairman, that is not an unreasonable request.

Q Should there not be some charge for the handling of the same, a normal charge, say?

A Some nominal charge for the expense of administration. After all, I have known some governments to say that interest was a very very bad thing.

COMMISSIONER DAVIES: Interest free debt should fit into the Provincial picture pretty well, should it not, Mr. Batchelor?

THE CHAIRMAN: Dr. Mayo, you indicated awhile ago you wanted to ask the Commissioner a question or so?

DR. MAYO: More than that, I am afraid, sir.

THE CHAIRMAN: Then I will ask you to wait a minute longer.

Q COMMISSIONER ROBISON: There is one field I would like to touch on because it is tied up with this and I wonder if we could just clear it up. Have you ever thought of this matter of reserves. What reserves, if any are accumulated by the city, and where are they accumulated?

A Mr. Chairman, while the city did accumulate certain reserves during the war period, it must be remembered that basically they simply cannot levy for reserves.

Q That is quite right.

A You cannot do that. If you are fortunate enough to have something you can realize on, in our reserve picture, I would like to refer to where all the reserve work money has come from has been in the liquidation of our land. As you realize, during the period of many years the city was in the unfortunate position of owning a big portion of its own land. During the last few years we have had fairly substantial sums come from the sales of these lands which have all been, to a large extent, diverted into maintenance items, more so than capital improvements. And that figure has gone up substantially and is still going up. For instance, in 1940 124,000 was realized from land sales. And that figure varied something like this, 124, 126, 152, 171 and 353. Thousands those are. We got up pretty close to half a

million. Then in 1950 we got over the million mark. We are over the million mark at the moment. But as against this now, we have -- and I wrote a report on that last year, - we have got to the position that in order to acquire land and service land and make it available, Commissioner Strong has issued a work order for something like a million dollars for the development of Highfield. We are in this position where we have not got reserves. We have a few in the utilities, but insofar as the general fund is concerned, no, we have not got any money. Our land sales are fully encumbered at this point.

Q In other words, for quite obvious reasons, public relations and other of these reasons, you have no particular reserves whatsoever.

A No, we have no great unencumbered reserves.

Q You did have some after the war and surplus is built up for purchases of city equipment when it was available?

A A lot of that was deferred maintenance. You see, the cities were in this unfortunate position, and this city particularly, about 1936 and 1938, we were in pretty bad shape. By the time we got around to 1939 we had come out of it pretty well, but still and all for a period prior to that we had not spent money on the necessary ordinary maintenance of this city. We were pretty well run down. Then we ran into the war period and of course men and materials we were asked to cut back. So we have that period. The

first impact after the war was to try to do some of the deferred maintenance that was required and these reserves were dissipated because you were in an inflated period then, and your costs had gone up considerably.

Q There is nothing more we need to say about reserves then, is there?

A No, they are just not there.

Q Well, I have nothing more on this. There is one other question just to close this off as it were, one other question I noted here. Do you anticipate or do you see any other areas on the horizon where the city might be called into responsibility. Now, you have had this growing welfare service field, still growing. Do you see anything else. For example, supposing a severe recession took place and relief and matters of that kind came up. We have gone through that once in the last generation. Is there anything that you can see on the horizon that might creep into the picture like a snake in the dark and destroy the whole situation?

A Of course I would say this, that if we ever entered - and heaven forbid that we ever did - if we ever entered into a period of bad recession, this city would not be very much different from many others, particularly in this Province. We would be in very serious shape in a very short period of time. But apropos of what you have said, I come once again to the central authorities suggesting to the

municipalities that they would embark on greater services of a social nature. I have not the figures on this at the moment, but insofar as hospitalization is concerned, as you know, gentlemen, there is in the City of Edmonton, this other question of extras on the hospital bill being covered under a similar scheme to the dollar a day. But here is a point where I believe his Worship and I have some slight divergence and it is a difference of opinion, but the net result, no matter how we look at it is the same. The point is this, I have found that the central authority comes to you with a proposition such as they do and say "We will put up this much if you will put up that much for something extra. His Worship quite rightly put the matter in a very broad sense and for the welfare of the cities as a whole. He says any time anybody will come to me and give me $200,000.00 - I just use that as a figure - and the city has to put up $200,000.00, that is fine anyway because he said there is $200,000.00 coming into the relief of the citizens of Calgary. I can follow his argument quite well. But then on the other hand I have a slightly more restricted point of view and maybe not so mandatory. I come to the point where I say "Mr. Mayor, that is all very well, but the share the city has to put up has to be borne by one form of taxation," and that is where we do not quite see eye to eye. That is why I am saying when the Provincial Government, the senior government comes along to you with a

proposition that they will do this or the other, that is fine. I am convinced they do it from the best of motives, but what I am saying is, we cannot afford to be treated quite that generously.

MAYOR MACKAY: I am not going to get into a debate with Mr. Commissioner Batchelor this afternoon. But I would like to place with you on record the thought that I have asked Mr. Wright, who is the Chairman of our Hospitals Board, to sit in on the Hearings this week to get an idea of what information you are probing for, and we are going to ask him to come forward at the January meetings, and give you a brief on the hospital picture as we see it in the City of Calgary, and just what effect it would have if the whole projected plan came through. I have had this debate with Commissioner Batchelor on the dollar a day in the original instance. Now, the hospital is back with a dollar a day on the extras. I think Dr. Cross will come half way to meet us, and we will meet him half way on the dollar a day.

THE CHAIRMAN: We are looking forward to have Dr. Wright a little later. Now, have the Commissioners exhausted their capacities for asking questions on this particular point?

COMMISSIONER ROBISON: No, we have not exhausted our capacity for asking questions, Mr. Chairman, but we are being restrained on this point.

THE CHAIRMAN: Dr. Mayo, I am anxious to learn

from you whether your capacity is unlimited or whether you can restrain it as Commissioner Robison says to a reasonable period this afternoon.

DR. MAYO: I will be about a half an hour, but a good deal depends as to whether we recess at four or 4:15.

THE CHAIRMAN: Oh, it is 4:15. We cannot take it both coming and going.

Q DR. MAYO: There is one question. First of all, in connection with reserves, which has been raised in Edmonton, and the City received some criticism about it. The criticism was this, that part of the trouble in the City of Edmonton was that during the war it could not spend, it also lowered the taxes. Had it been wise it would have kept the mill rate up and accumulated reserves and had money to spend after the war. Now, what was the Calgary city policy?

A Mr. Chairman, in reply to that question we did, in that period of time -- as a matter of fact, I think it was discussed at great length by some of the others, we did at that time, and over quite a period of time, have a mill rate, forty six mills, 44½, 44, 42½ for 1943-1944. That was a point I discussed at some length at that time with this graph. We were faced with an expanding economy which every war has produced, and the city was in the position where they started to levy a reduced mill rate. We were in the anomolous position in the time of depression when people

are least able to pay, we had levied the highest mill rate. Doing exactly opposite what any ordinary business would do, trying to collect money when they could not afford to pay it, and when they could afford to pay it, we did not try to collect it.

Q You agree that the Edmonton war time taxation policy was in error?

A Yes, I most certainly do.

Q COMMISSIONER BLACKSTOCK: What about the City Charter. You can only levy for your needs?

A Well, the point was this. During the war time we had legislative powers. You see, the point was this, that with a mill rate you could have produced -- I mean, with the mill rate we could have produced something to make up at that time when we did not have to spend any money on the operations of the city, because we could not do it.

MR. BREDIN: 1944 was the first year in which we were supposed to levy for reserves?

A Mr. Chairman, I am sorry if I have given you the wrong impression. This was an academic question I was asked and I answered it on that basis.

MAYOR MACKAY: Might I give you a little thought there too. At that particular time it was impressed on the Canadian people and the Calgary people that we were to hold things down and let the maximum dollar be contributed to the whole Federal effort that was going on in our country at that

time. That was the thinking of the people at that time. They were not thinking about the post war era. We were going to be thankful if we saw a post war era in those earlier years. But let it go through. As has been suggested by Dr. Mayo, the money still came through in the form of tax collections, only it went to a different level of Government. It went to the Federal Government. And then the Provincial Government gave up its Income Tax rights, and this money came back to the Province in the form of grants. So I seriously say that the Provincial Government are holding a lot of the municipal money in trust, and we would like to get some of it back.

Q DR. MAYO: I am not quarrelling with that. It is the kind of criticism that can only be levelled by cities with the advantage of the hind sight, and post war expansion. The question of aid through the Province raises a number of interesting problems. What I am trying to get at is what is exactly the city's case on this point. I take it, Mr. Batchelor, it is fair to say that you are convinced that property taxes are high enough?

A That is correct.

Q And that you do not want any other sources of taxes available to you in the city, new sources?

A Mr. Chairman, you must be very careful on this. When I say that -- and this again is my personal opinion -- when I say that a desirable result can be obtained better by the city being relieved of expenditures rather than providing us with

new sources of revenues. I will say this to you, Mr. Mayo, that the experience of so many cities in the various taxation fields is, first of all, you are subject to greater pressures at the municipal level to alleviate those taxes with certain groups. Certainly your administrative costs come fairly high. Let us take the amusement tax. Suppose the Province were to vacate that field and say to the cities, "You take it". Then I would be very averse to the city trying to administer that because I know quite well that pressures would be brought to bear on us from various sources some saying,"This is a very worthwhile endeavour and we should not have to pay this." But when it is put on the higher level you do not get these pressures that you do on a municipal level.

Q What I cannot get clear, Mr. Batchelor, is this, you can advocate, it seems to me, either that you should be relieved of certain functions or you can advocate that more Provincial moneys should come to you so that you could carry on the services you presently carry on. It seems to me the city brief and your evidence is not altogether in agreement on which of these methods or which combination you want.

A Well, Mr. Chairman, I would say to that that I think my fellow commissioners will bear me out on this, that in the brief as already submitted to you, we did not feel that that was the answer or the full answer. I mean, the time factor entered into this considerably. We filed as much evidence as

we could at the time, but it is the intention of the commissioners to present you with another brief, and we will possibly explain this a little further.

Q You see, if what you are advocating is handing over to the Province a good many of your costly social service functions, then we are wasting our time trying to find an elaborate formula of the physical need, and to find some money from the Province to pay for that. If you are relieved in another way in handing over the functions to them. Now, which is the recommendation. Is that not a fair enough question?

MAYOR MACKAY: I do not think it is as of now. I think in January we will pretty well lay down what we think on that particular point.

DR. MAYO: I take it you would rather have some physical need formula worked out or some services agreed upon which you would like to recommend the transfer of.

THE CHAIRMAN: You are quite interested in having these alternatives explored.

DR.MAYO: Indeed, one way or the other, with arguments pro and con.

THE CHAIRMAN: All right, we will have arguments pro and con. I thought you were arguing that they should take the position one way or the other which would prevent argument.

DR. MAYO: It would be interesting to know why they rejected one point of view.

THE CHAIRMAN: From my standpoint it is interesting to have the two to explore. And the commission itself would like to have these two matters argued.

Q COMMISSIONER DAVIES: Is it not quite conceivable, Dr. Mayo, the answer might be both, when they come back here, because of the fluctuating nature and the impossibility of projecting just what their needs are. There might be an altogether consistent answer.

Q DR. MAYO: I quite agree,sir. If, however, you do decide to arrive on some physical need formula and get more Provincial money I wonder if you would bear in mind, these two factors (1) the raising of the per capita grant as the population of the town or city rises so that a large town gets more per capita than a small town gets per capita. That is the method they are working for in Ontario now?

A Yes.

Q But that in itself would not help of course a small town, for example, Bowness, which has grown rapidly. So the other factor I wish you would bear in mind, is the rate of growth factor?

A Oh, yes. That is a very important point.

Q Now, both of these are not incorporated in a lot of the older grant formulae and that is why I mentioned that. Now, on the question of services, Mr.Batchelor, I just want to be clear I have your argument straight. Were you arguing that property taxes should only pay services which benefit the

property?

A Well, you mean directly benefit property?

Q Well, how do you distinguish that. You listed a lot that should go on the property tax?

A That is right. I was just dealing with it, Mr. Chairman, on the broad basis. But this way, that your municipal government has developed to an extent whereby certain levies are made against real property which 20 years ago would not have been there. There are some glaring costs, very large costs, which by no stretch of the imagination -- I am saying real property tax basis can absorb the ; normal requirements of the city's operations, and that does include certain benefits which you might say are not directly attributable to property but which have a more general nature in the city. But I do say when you come to the impact of these social services that have far greater repercussions than the immediate area, that that is not a fair charge against real property.

Q What I am not quite clear on is how you distinguish a lot of them, and the validity of this argument that property shall only pay taxes, that benefit property directly. You are familiar with the Judge report?

A Yes.

Q And you remember that argument there, that went like this "It has been submitted that property taxes should be used to pay only for those services which benefit property directly or indirectly and that taxes on persons be used to

pay for services that benefit persons. Not only is there a difficulty separating property benefits and personal benefits, but it would also seem evident that only persons pay taxes and in the final analysis only persons can derive benefits. The benefits of collective service are widely diffused, and no precise lines can be drawn as between different services and as to the proportion of benefits accruing to persons, and to property even one assumes there is a valid distinction between personal and property benefits."

A Well, I would say I am dealing more with the practical application of something rather than a theoretical point. I agree in theory that possibly that might be so. But the basis of my whole argument is this, that if the cities are relieved of certain of these excessive costs, then their real property tax base will be, with our other sources of revenue, sufficient to carry us through our ordinary operations.

Q That is a different argument?

A Yes, it is.

Q My questioning is on this argument, that social services should not be in the property tax because they do not benefit property. They are not properly attributable to property?

A Of course, if you carry that to its logical conclusion, you will end up with a very large amount of social services not going to be borne by real property, and then you have to

devise some other tax base. As I said before, while everybody criticizes the taxation of real property, I have yet to find anybody who has come up with a better tax base at a municipal level.

Q Does your argument come down to this. You either want to be relieved of the services, or get more money to have you carry on these services that you are conducting?

A That is right. I wish to be relieved of certain services.

Q So it is the distinction between social services and others on the property tax, is really in a sense not something which you wish to press?

A Not to that degree.

Q COMMISSIONER BLACKSTOCK: Can you distinguish for us between property tax and personal tax, property benefits and personal benefits. For myself I cannot see it. There cannot be such a distinction at all?

A No, I do not suppose so, Mr. Commissioner.

Q Property benefits because you put in sewer and water. You have benefit from fire brigade and police. I mean, I cannot get the distinction, or where you draw the line?

A Well, that is what I was saying to Dr. Mayo, it is a very difficult thing say, to take an inanimate thing such as property as saying derives benefit. Property cannot derive benefit. It is only the people who own the property who derive the benefits. We are using the property method of taxation.

Q COMMISSIONER DAVIES: Dr. Mayo, was that quotation from that report a conclusion or recommendation in the report, or was it a submission made?

A DR. MAYO: It was a conclusion, sir, not from a submission. It was not in the recommendation.

A With further reference to what Commissioner Blackstock was just saying, coming back to this question of why I would say we should divorce certain charges from real property. Let us just take for example, in the City of Calgary, supposing I erect a house on a piece of property and it costs X dollars, and right next door I erect a 4-apartment building, a four-suite apartment at the same cost. Now then, your social services, presuming that is an apartment where children and dogs are not dissallowed, your social services, education and certain of your social costs, are still being borne principally by real property. I can be living in the one house and paying exactly the same taxes, and on the same cost value as the foursuite apartment. There is no differentiation made in the land value. Therefore, the contribution from that property to the revenue of the city is the same in both instances, whereas the impact of the extra number of people is greater. And then you come back to the land use, and that is why the ability to pay factor does not enter into your real property tax base. You can see that point. Your social services with a four-suite apartment, with many more people, and with many more children to educate is costing the city a great deal more

money than myself, on a comparable tax base, and that is why I say, let us divorce some of these larger services from the cost of operation of the city.

COMMISSIONER BLACKSTOCK: You made that clear this morning.

COMMISSIONER STRONG: I was wondering if I could make one observation. We have in our brief been presenting to you, as a Commission, a sob story, and the council have endorsed this story insofar as dollars and cents are concerned. But I do feel with regard to the questions and answers that have just been discussed as to whether we are going to ask for more money or whether we should have some of these operations removed, are questions of policy which I think will have to go back to the council and get further direction on. So that when we submit the balance of our brief to you in January, then we will have all of those services analayzed and some form of recommendation come along with it.

MR. BREDIN: If I might add that a great deal of the brief was prepared by permanent officials of the city and questions of policy were beyond their scope. That is why we hope to bring something which will be along the lines that Dr. Mayo has been questioning on, so that these questions can be answered more directly than what was possible under the circumstances under which the brief was prepared.

THE CHAIRMAN: By the 24th of January you hope to be in a position to do this?

MR. BREDIN: We hope to be, yes.

THE CHAIRMAN: I hope that a reasonably based hope.

MR. BREDIN: Mr. Batchelor says they are iron men.

COMMISSIONER ROBISON: Mr. Chairman, did we get copies of the last Financial Statement. One was filed as an exhibit, but just one. Could we have copies for all the commissioners?

A For 1953?

COMMISSIONER ROBISON: Yes, we have comparable statements for each year from Edmonton, and I think we should have them from here.

THE CHAIRMAN: Mr. Frere, you want to say something?

MR. FRERE: Mr. Batchelor will be available tomorrow.

THE CHAIRMAN: I was at the point of asking Mr. Bredin if he would undertake to produce him tomorrow?

MR. BREDIN: I will do my very best, sir.

THE CHAIRMAN: Thank you, then we will adjourn.

(At this stage the Hearing was adjourned until Thursday the 16th day of December, 1954.).